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POLICY PRACTICE ATLAS ON MICROFINANCE

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POLICY PRACTICE ATLAS

ON

MICROFINANCE

2013

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Policy Practice Atlas on Microfinance

Foreword

The Policy Practice Atlas on Microfinance is a comprehensive compilation of policies, guidelines and work done on financial inclusion in India. Building on the Ready Reckoner for Microfinance prepared in 2010, the Atlas is a one-stop information resource for policy makers and practitioners. The Atlas chronicles the evolution of microfinance in India and provides information on savings, credits, insurance, pension, remittances and micro-leasing.

The Policy Practice Atlas has been prepared by the Solution Exchange Microfinance Community of Practice. With more than 4,000 members from the government, financial institutions, microfinance institutions, civil society organizations and community-based organizations, the Community of Practice aims to promote microfinance in India. We are particularly grateful to Hand in Hand India for the in-depth study on microfinance policies that are an integral part of this Atlas.

Lise Grande
United Nations Resident Coordinator
Resident Representative United Nations Development Programme

Acknowledgement

The 'Policy Practice Atlas – Microfinance' is a joint product of Solution Exchange, United Nations and United Nations Development Programme (UNDP), India. The preparation of this Policy Practice Atlas owes a great deal to the contributors of various discussions taken place in Microfinance Community of Practice on the issue of microfinance policies and regulations.

I convey my special thanks to Dr. N Jeyaseelan and his team members that worked on Policy Practice Atlas. I also convey my true gratitude to Mr. Hemantha Kumar Pamarthy for his special efforts of updating, editing and adding value to the Policy Practice Atlas. I also place on record my wholehearted thanks to Monika Khanna (Former Research Associate - Microfinance Community of Practice) who was involved in the process, from the stage of conceptualization of the Policy Practice Atlas.

I convey my gratitude to, Prema Gera (ACD Head, Poverty Unit, UNDP India), Ratnesh, (Programme Analyst) and Mona Mishra (Executive Officer) for being convinced about the idea of Policy Practice Atlas, appreciating this new initiative and supporting in all possible ways. Besides the support received from UNDP, Radhika Kaul Batra UN Coordination Advisor, UN Resident Coordinator's Office has been the key source of guidance, support and motivation in the whole endeavor. I will be failing in our duty, if I do not express our gratitude and thanks to our colleague Mohammad Anas who has extended the utmost cooperation in the successful completion of this assignment.

The team of Poverty Unit, especially Hari Mohan and Meena Negi have supported us in the whole trajectory of various activities during the publication of this document. I also convey my special thanks to Garima Sharma for her support.

Navin Anand
Resource Person and Moderator
Microfinance Community of Practice,
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Editor's Note

The concept of microfinance must be as old as money itself, as small hand loans must have been transacted earlier too. But what started as a discussion point from the APRACA meet in 1984 that could influence the forming of Credit Management Groups in 1984 by MYRADA, later became the Self Help Affinity Groups (SAGs) by 1987 to evolve finally as the Self Help Group-Bank Linkage Programme (SBLP) supported by NABARD, that established the Indian Microfinance era in reaching financial services to the poor of this country.

A ripple effect attained a cascading momentum, albeit a few aberrations here and there, that Microfinance became an important tool in shaping the lives of the poor by capacity building, thrift, microcredit and offering other micro financial services, job creation through enterprises eventually leading to change in lives and now culminating into creation of 'Bharatiya Mahila Bank', a bank to focus on women and their financial needs. Several evidences through case studies reflect upon the positive effects of Microfinance all across.

Over the last three decades, since the 'formal microfinance' efforts began in India, the concept continued to evolve, embracing on its progressive path, many innovations, products, partners and structurally varied institutions, requiring frequent re-looking into existing policies and processes and changing wherever and whenever needed, in the interest of the people and the economy.

Department of Financial Services, Ministry of Finance, Government of India, Reserve Bank of India (the country's apex / central bank) and the National Bank for Agriculture and Rural Development have been regularly monitoring the sector and guiding with their directions.

It was felt that if these directions and guidelines could be compiled into a compendium and as a 'Policy Practice Atlas on Microfinance' or simply a Ready Reckoner of Policies and Practices of Microfinance, for the easy usage by all stakeholders of the sector. Though an Atlas is essentially geographical in nature this Atlas attempts to trace and chronicle the history of Microfinance in India to the extent possible.

United Nations Development Programme (UNDP) took the initiative of this important mission and Hand in Hand Micro Finance Private Limited, who were entrusted with the assignment of collating all the circulars, directions and guidelines, did a remarkable and mammoth work in digging out several important circulars, directions and guidelines (especially when several of them could no longer be accessible on the web-portals), making it relatively easier to do the editing, a job pleasantly accepted by me as it was really joyful tracing out some missing links and re-visiting the history.

I thank Ms. Prema Gera, Mr. Ratnesh and Dr. Navin Anand of UNDP for entrusting with shouldering this useful and important work and for reposing confidence in me to edit this Atlas. I earnestly hope that their confidence is not misplaced and that this Policy Practice Atlas would indeed become a useful Ready Reckoner for all those who are interested and involved in the Financial Inclusion of India.

Hemantha Kumar Pamarthy
November, 2013

About Policy Practice Atlas on Microfinance

This Policy Practice Atlas is ...

... an attempt to bring together as many concepts, circulars, directions, guidelines, notifications and policies issued by Government of India, Reserve Bank of India and NABARD as the case maybe, for enriching the Microfinance sector in the country.

While all efforts have been taken to make this work as informative as possible, it is at best a good ready reckoner / search engine in its own way.

From a simple concept of Micro Credit, Micro Finance has grown into a complex subject involving many concepts, innovations and it becomes difficult to include all activities in a small book of this size.

Hence, attempts have been sincerely made to give as much information and any omissions, are purely by default and not by design.

On the presentation of the data, we have given in gist, the essence of a circular or a direction or a guideline, and at the end of such description, we have provided the reference of the said circular or guideline and indicated below the source, with hyperlink connectivity. This hyperlink, we realise, cannot be used, from the paper book form, but may be used when this work is uploaded on to the internet.

Microfinance started in India in the mid 1980s and several circulars, directions and notifications issued, on micro credit, in the early stages, have been withdrawn from the portals or archived and tracing them had been, indeed, a challenge and joyous at the same time. Wherever such material is not linked on to the internet / web portals anymore, and wherever we could get the copies of the circulars from some other sources, copies of such circulars have been annexed at the end of the micro credit chapter.

This is an earnest attempt to reasonably chronicle the activities of microfinance in the country, in a short form, and if this in anyway helps a research scholar, or a novice into the sector or an organisation or a faculty member or a policy maker, we would feel gratified that this work was worth all the efforts.

Acronyms & Abbreviations

AAIOB – Alliance of African Institute of Bankers

ACCION - Americans for Community Co-operation in Other Nations

ADB – Asian Development Bank

AFC – Asset Finance Company

Ag/BDS - Agricultural / Business Development Services

AML – Anti Money Laundering

AMSY - Adivasi Mahila Sashaktikaran Yojana

APMAS – Andhra Pradesh Mahila Abhivruddhi Samstha

ARWSP – Accelerated Rural Water Supply Programme

BC – Business / Bank Correspondent

BCA – Business / Bank Correspondent Associate / Agent / Agency

BCF / – Business / Bank Correspondent Facilitator

BCSBI – Banking Codes and Standards Board of India

BCTS – BASIX Consulting and Training Services Limited

BDPL – Below the Double of Poverty Line

BF – Business Facilitator

BIRD – Bankers Institute of Rural Development

BM – Branch Manager

BMB – Bharatiya Mahila Bank

BoP – Bottom of the Pyramid

BPL – Below Poverty Line

BPSS - Board for Regulation and Supervision of Payment and Settlement Systems

BWTP – Banking With The Poor

CARA - Central Adoption Resource Agency

CARE – Credit Analysis and Research

CARE – Cooperative for Assistance and Relief Everywhere

CBOs – Community Based Organisations

CBS – Core Banking Solution

CCFL – Citi Center for Financial Literacy

CDD – Customer Due Diligence

CDFIs - Community Development Financial Institutions

CFT – Combating Financing of Terrorism

CGAP - Consultative Group to Assist the Poor

CGB – Cooperative Group Banking

CGFT – Credit Guarantee Fund Trust

CIC – Credit Information Company

CIM – Chandragupt Institute of Management

CMEF – The Council of Microfinance Equity Funds

CMF – Centre for Microfinance

CMI – Catalyst Microfinance Investors

CMIC – Catalyst Microfinance Investment Company

CMR – Centre for Microfinance Research

CoR – Certificate of Registration

CPR – Centre for Policy Research

CRA – Central Record-keeping and Accounting

CRAR - Capital to risk (weighted) Assets Ratio (CRAR)

CRISIL – Credit Rating Information Services of India Limited

CSO – Civil Society Organisation / Central Statistical Office

CSSE & IP – Centre for Study of Social Exclusion and Inclusive Policy

CSWB - Central Social Welfare Board

DBT – Direct Benefit Transfer

DCB – District Cooperative Bank

DCC – District (Level) Credit Committees

DCCB – District Central Cooperative Bank

DDM – District Development Manager

DDO – District Development Officer

DFI – Development Finance Institution (DFI)

DFID – Department for International Development

DLCC – District Level Consultative Committee

DRDA – District Rural Development Agency

DRI - Differential Rate of Interest

DSF – Development & Sustainable Finance

DWCD – Department of Women and Child Development

DWCRA – Development of Women & Children in Rural Areas

DWSD – Drinking Water Supply Department

EBT – Electronic Benefit Transfer

ECAI – External Credit Assessment Institution

ECB – External Commercial Borrowings

EDCS – Ecumenical Development Cooperative Society

EDBO – Extra Departmental Branch Office

EDFI – European Development Finance Institutions (EDFI)

EIU – The Economist Intelligence Unit

EGoM – Empowered Group of Ministers

EL – Equipment Leasing

EPFO – Employee Provident Fund Organization

FD – Fixed Deposit (account)

FI – Financial Inclusion / Financial Institution

FIF – Financial Inclusion promotion Fund

FINS - Financial Inclusion Services

FIT – Financial Inclusion Technology

FITF – Financial Inclusion Technology promotion Fund

FOD – Field Operations Division

FPC – Fair Practices Code

FPM – Fellow Program in Management

FWWB – Friends of Women’s World Banking

GDRC – The Global Development Research Center

GIPE - Gokhale Institute of Politics and Economics

GIZ – Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

GKY – Ganga Kalyan Yojana

GoI – Government of India

GoR – Government of Rajasthan

GPF – General Provident Fund

HIHMFPL – Hand in Hand Micro Finance Private Limited

HP – Hire Purchase

HRD – Human Resource Department

IBA – Indian Banks’ Association

IGNOU – Indira Gandhi National Open University

ICDP - Integrated Community Development Programme

ICDS - Integrated Child Development Services

ICRA – Investment Information and Credit Rating Agency of India

ICSSR – Indian Council of Social Science Research

ICT – Information and Communication Technology

IDRBT – Institute of Development and Research in Banking Technology

IDS - Institutional Development Services

IDSJ – Institute of Development Studies

IFAD – International Fund for Agriculture Development

IFC – International Finance Corporation

IFMR – Institute for Financial Management and Research

IFRS – International Financial Reporting Standards

IGAs – Income Generating Activities

IGIDR – Indira Gandhi Institute of Development Research

IIB – Indian Institute of Bankers

IIBF – Indian Institute of Banking and Finance

IIBM – Indian Institute of Bank Management

IIFM – Indian Institute of Forest Management

IIMB – Indian Institute of Management – Bangalore

IIM-L – Indian Institute of Management-Lucknow

IIMPS - Invest India Micro Pension Services Private Limited

ILO – International Labour Organisation

IMOs – Intermediary Organisations

INAFI -International Network of Alternate Financial Institutions

IRDA – Insurance Regulatory and Development Authority

IRDP - Integrated Rural Development Programme

IRMA – Institute of Rural Management-Anand

ISI – Indian Statistical Institute

ISMW – Indian School of Microfinance for Women

ITC – International Training Centre

JLGs – Joint Liability Groups

KCC – Kisan Credit Card

KFE – Kreditanstalt Für Wiederaufbau (German Development Bank)

KVIB – Khadi & Village India Board

KVIC – Khadi & Village Industries Commission

KYC – Know Your Customer / Client

LABs – Local Area Banks

LBS – Lead Bank Scheme

LCM – Low Cost Module

LDM – Lead District Manager

LoC – Letter of Credit

LSP – Loan Sanction Power

MA – Microfinance Association

MAVIM – Mahila Arthik Vikas Mahamandal

MCID - Micro Credit Innovations Department (of NABARD)

M-CRIL – Micro-Credit Ratings International Limited

MF – Microfinance

MFA-USTYR – Swedish Ministry for Foreign Affairs Department for Management and Methods in Development Collaboration

MFDEF – Micro Finance Development and Equity Fund

MFDL – Micro Finance Distance Learning

MFI – Microfinance Institution

MFIN – Micro Finance Institutions Network

MFMI – Microfinance Management Institute

MFO – Micro Finance Organisation

MFT – Micro Finance Training

MFTOT – Micro Finance Training of Trainers

MIA – Micro Insurance Academy / Micro Insurance Agent

MIS – Management Information System

MIS - Monthly Income Scheme (Postal Account)

MIT – Massachusetts Institute of Technology

MNBs – Multi National Banks

MoF – Ministry of Finance

MoRD – Ministry of Rural Development

MRM – M. Phil., in Natural Resource Management

MSME – Micro, Small and Medium Enterprises

MWS - Million Wells Scheme

MYRADA - Mysore Resettlement and Development Agency

NABARD – National Bank for Agriculture and Rural Development

NABFINS – NABARD Financial Services Limited

NAAC – National Assessment and Accreditation Council

NAFSCOB - National Federation of State Cooperative Banks Limited

NBFC-MFI – Non Banking Finance Company-Micro Finance Institution

NCAER – National Council of Applied Economic Research

NCPCR - National Commission for Protection of Child Rights

NCW - National Commission for women

NEFT – National Electronic Funds Transfer (NEFT)

NFS – National Financial Switch

NGO – Non Government Organisation

NGO-MFI – Non Government Organisation-Micro Finance Institution

NIPCCD - National Institute of Public Cooperation and Child Development

NMDFC - National Minorities Development and Finance Corporation

NOF – Net Owned Funds

NPCI – National Payments Corporation of India

NPS – New Pension System / National Pension Scheme

NRE – Non Resident External

NREGS - National Rural Employment Guarantee Scheme

NRLM – National Rural Livelihood Mission

NRO – Non Resident Ordinary

NRY – Nehru Rozgar Yojana

NSC - National Savings Certificates

NSFDC – National Scheduled Castes and Scheduled Tribes Finance and Development Corporation

NSIC – National Small Industries Corporation Limited

NSKFDC – National Safai Karmacharis Finance and Development Corporation

NSLRS – National Scheme for Liberation and Rehabilitation of Scavengers

NSO – National Statistical Office

NSRCEL - N. S. Raghavan Centre for Entrepreneurial Learning

NSSO - National Sample Survey Organisation

NSTFDC – National Scheduled Tribes Finance and Development Corporation

ODI – Overseas Development Institute

PDS – Public Distribution System

PFM – Pension Fund Manager / Post Graduate Diploma in Forest Management

PFRDA – Pension Fund Regulatory and Development Authority

PGDM – Post Graduate Diploma in Management
PLI - Postal Life Insurance
PMGSY – Pradhan Mantri Gram Sadak Yojana
PMIUPEP – Prime Minister's Integrated Urban Poverty Eradication Programme
PMLA – Prevention of Money Laundering Act, 2002
PoP – Point of Presence
PoP-SP – Points of Presence Service Providers
POSB – Post Office Savings Banks
PPF – Public Provident Fund (Account)
PPI – Progress out of Poverty Index
PPP – Purchasing Power Parity
PRADAN – Professional Assistance for Development Action
PRAN – Permanent Retirement Account Number
PRI – Programme Related Investment
PSB – Public Sector Bank
PSU – Public Sector Undertaking
RBI – Reserve Bank of India
RD – Recurring Deposit (Account)
RGMVP – Rajiv Gandhi Mahila Vikas Pariyojana
RGVN - Rashtriya Grameen Vikas Nidhi
RH – Rural Housing
RMK – Rashtriya Mahila Kosh
RRBs – Regional Rural Banks
RSBY – Rashtriya Swasthya Bima Yojana
RTGS – Real Time Gross Settlement
RUDSETI – Rural Development and Self Employment Training Institute
SAGs – Self Help Affinity Groups
SB – Savings Bank (account)
SBI – State Bank of India
SBLP – Self Help Group Bank Linkage Programme
SC – Scheduled Caste
SC – Savings Certificates
SCA – State Channelising Agency
SCB – State Cooperative Bank

SCSS – Senior Citizen Savings Scheme Account

SDC – Swiss Agency for Development Cooperation

SDR – Survey Design and Research

SEBI – Securities Exchange Board of India

SEWA - Self Employed Women's Association

SGRY – Sampoorna Gramin Rozgar Yojana

SGSY – Swarn Jayanti Gram Swarozgar Yojana

SHG – Self Help Group

SHPI – Self Help Group Promoting Institution

SIDA – Swedish International Development Cooperation Agency

SIDBI – Small Industries Development Bank of India

SITRA - Supply of Improved Toolkits to Rural Artisans

SJSRY – Swarna Jayanti Shahari Rozgar Yojana

SKDRDP – Sri Kshethra Dharmasthala Rural Development Project

SLBC – State Level Bankers' Committee

SRMS – Self Employment Scheme for Rehabilitation of Manual Scavengers

SRO – Self Regulatory Organisation

ST – Scheduled Tribe

STEP-UP – Skill Training for Employment Promotion amongst Urban Poor

TDA – TATA-DHAN Academy

TDLC – Tokyo Learning Development Centre

TNCDW – Tamil Nadu Corporation for Development of Women Limited

TPA – Third Party Administrator

TRAI – Telecom Regulatory Authority of India

TRIFED – Tribal Cooperative Marketing Development Federation of India Limited

TRYSEM - Training of Rural Youth for Self Employment

TSP – Total Sanitation Programme

UBSP - Urban Basic Services for the Poor

UCB – Urban Cooperative Bank

UCDN – Urban Community Development Network

UIDAI – Unique Identification Authority of India

UNCDF – United Nations Capital Development Fund

Urban Self Employment Programme

USAID – U.S. Agency for International Development

USB – Ultra Small Branch

UTs – Union Territories

UWEP – Urban Wage Employment Programme

UWSP – Urban Women Self-help Programme (UWSP)

Vas – Voluntary Agencies

VVV – Vikas Volunteer Vahini (NABARD Programme)

WASH – Water, Sanitation and Health

WDCs – Women Development Corporations

WSHGs – Women Self Help Groups

WWB – World Women's Banking

XLRI – Xavier Labour Relations Institute

SECTION I

CHAPTER – I

INTRODUCTION

AND

FRAMEWORK OF THE POLICY PRACTICE ATLAS

Microfinance plays a vital role in building the local economy by facilitating access to a set of financial services at an affordable rate for the people at the Bottom of the Pyramid (BoP). It tries, essentially, to fill a gap between the formal and informal access to financial services and yet it may or may not be regulated as would have been desired.

Global micro finance business environment as analyzed by Economist Intelligence Unit (EIU)[1] reveals that Peru (Rank-1 with a score of 79.8), Bolivia (Rank-2 with a score of 71.8), Pakistan (Rank-3 with a score of 67.4), Philippines (Rank-4 with a score of 63.3) and Kenya (Rank-5 with a score of 62.8) are the top 5 countries that lead in providing the enabling regulatory framework and institutional support framework for the micro finance sector. India, with a score of 45.7 ranks 22 an improvement from the 27th rank in the year 2011.

In Peru, regulations for deposit-taking MFIs are being strengthened and the government is continuing its efforts to promote financial literacy and price transparency. Credit bureaus in Peru provide comprehensive information on borrowers. These policy supports & practices have made the micro finance sector more competitive and built a sophisticated regulatory environment, which led Peru to retain its global first rank for the last five years continuously.

In Bolivia too, regulations have been strengthened for deposit taking and many MFIs are adopting International Financial Reporting Standards (IFRS) as a measure to improve accounting in micro finance.

Pakistan has introduced many regulations to support branchless banking, which has resulted in manifold increase in transactions.

Kenya has promoted the mobile banking in a larger way and as of December 2011, has covered almost one third of its population (14.9 million clients as of Dec 2011) through M-Pesa (‘M’ is for Mobile and ‘Pesa’ is for Money in Swahili), the Mobile Money Transfer Programme.

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[1] Global Microscope on the Micro Finance Business Environment 2012

Proactive policy support and institutional support framework has stimulated the growth of the micro finance sector in these top 5 countries.

Even though India also pioneered in Microfinance through the Self Help Group (SHG) Methodology, now almost three decades ago, till the onset of the "Andhra Pradesh Microfinance Crisis in October, 2010" the sector has largely been supervised by guidelines than regulation.

Over the last two decades, India has seen a massive growth of the micro finance sector, which is distinctly characterized by two models viz., the 'Self Help Group-Bank Linkage Programme' (SBLP) and the 'Micro Finance Institution' (MFI) model. SBLP has emerged as one of the world's largest microfinance Programme, as its outreach has impacted over 104 million members as of March 2012[2] through some 7.96 million Self Help Groups. The outreach to active clients through the SHG model was 56.6 million clients and the loan portfolio outstanding was Rs.363,410 million. The MFI model though comprise of both 'Non Government Organisation-MFIs' (NGO-MFI) and the 'Non Banking Finance Company-MFIs' (NBFC-MFI) the sector in the country is dominated by the later with 26.8 million clients and Rs.209,130 million of loan outstanding as of March 2012.

As early as in 1999, a committee headed by Dr. Y. C. Nanda reviewed the institutional arrangements for a regulatory framework and suggested a policy framework. However, as the sector was not deemed to be a systematically important sector, the apex bank of the country, Reserve Bank of India (RBI) has not created any regulations *per se.* Even while repeated attempts are being made to place and get the Microfinance Bill passed in the Parliament of India, the last attempt being in May 2012, still the bill is under consideration of the standing committee on finance.

After the Andhra Pradesh crisis, RBI constituted the 'Malegam Committee' which extended many recommendations on regulating the NBFC-MFIs. Based on these recommendations, RBI released a series of circulars / guidelines, which have improved the regulatory environment for the Microfinance sector in India.

[2] Report on Status of Micro finance 2011-12 by NABARD, MCID, Mumbai.

Apart from RBI, other regulators like Insurance Regulatory and Development Authority (IRDA), Securities Exchange Board of India (SEBI), Pension Fund Regulatory and Development Authority (PFRDA) are bringing out policy initiatives to support the growth of the micro finance sector. Telecom Regulatory Authority of India (TRAI) is also bringing out regulations to spur the penetration of mobile services in rural areas and as mobile phones have good potential for enhancing the financial inclusion through technology platforms, TRAI's role also would be crucial in the years ahead, in providing an enabling policy environment.

Even earlier, in addition to the above, the Self-Regulatory Organisations (SROs) have also been playing a key role in India, by prescribing the code of conduct for their respective member MFIs and acting as a bridge between the industry and the Policy-makers. SROs like 'The Association of Community Development Finance Institutions' (Sa-Dhan- an Association of NGO-MFIs), 'Micro Finance Institutions Network' (MFIN-an Association of NBFC-MFIs) and 'International Network of Alternate Financial Institutions' (INAFI) have been doing the required and a sizable amount of policy advocacy work with the key regulators.

Over the decades of presence of Microfinance in the country, many innovations took place in microfinance. New, relevant and many a time tailor made products and services from the financial institutions, advent of several development apex banks, service providers, MFIs and NGOs, which show the emerging maturity of the micro finance sector.

The dissemination of the best practices to practitioners and policy makers paved way for the faster growth. For the sustained development of the micro finance sector, the policy and regulatory support is crucial. Under this context, the Policy Practice Atlas on micro finance assumes significance.

Background of Microfinance Policy Environment

As the present scenario of Microfinance is analysed, it is increasingly becoming evident that there has been some amount of a mission drift in the Microfinance sector, veering from the initial lofty ideals to profit raking (in some cases). The resultant issues such as improper governance, investors into MFIs seeking quick growth and high returns, resulting in high costs for clients, multiple lending, over-indebtedness, harsh repayment schedules and coercive repayment techniques used by some of the MF service providers have put the sector in jeopardy affecting its intentions and thus its future not only in the country but with ramifications across other countries as well.

Keeping in view the *client's interests* as also in giving *functional clarity to a variety of MF service providers* for successful and ethical implementation of microfinance activities, a good regulatory framework is needed. Besides this, the need for financial literacy and enhancement of knowledge levels of all the stakeholders in context of policies, regulations, MF operational issues is also paramount.

Under the current and changing circumstances in the MF sector, it could be said that mere access to the microfinance products and services are not sufficient but other critical factors mutually perceived between the service providers and clients are also need to be taken into account; such as affordability, sustainability and scaling-up, etc.

A high level of diversity is seen in the MF sector in the context of – i) geographic spread of poor ii) economic and social status of the target population iii) type and level of intermediation of MFIs iv) range of MF Organisations having different legal forms v) extent of mF operations vi) variation in MF products and services and, vii) variety of regulatory bodies.

Scanning of present regulatory scenario reveals that;

Different kinds of banks such as commercial banks, Regional Rural Banks (RRBs), Cooperatives Banks, Local Area Banks (LABs) and other private banks are covered under Banking Regulation Act as also by the RBI / NABARD regulations related to microfinance.

The Non-Banking Finance Companies (NBFCs) engaged in microfinance are being regulated by RBI whereas the NGOs, Trusts and other not-for-profit institutions functioning as financial intermediaries are out of the purview of the direct supervision of the RBI.

The regulation of financial cooperatives is more complex as these institutions are being regulated by the Registrars of Cooperative Societies as also by RBI / NABARD.

This multiple and varied regulatory situation demands for a regulatory framework that can encompass different types of MF service providers.

And, for creating a good framework there is a need for duly classified information on policy and regulation.

Rationale of the Project

Discussions among stakeholders in various MF related groups and the members of Microfinance Community in the Annual Forum revealed the fact that in the area of Microfinance, not only clients, but also stakeholders, especially at the grass-root levels, face a variety of problems related to microfinance services due to limited information and knowledge about the policies, rules and regulations as well as provisions and privileges set aside by Government and Regulatory and promotional institutions.

Many practitioners, including those working at the grassroots level are not able to work effectively and efficiently due to information and knowledge gaps. These gaps could be due to different reasons such as possible irregular flow of information to the practitioners or information loss in the management of knowledge dissemination chain but often result in the exploitation of the clients.

Hence, the need for a dynamic one-stop information resource like a Policy Practice Atlas or a Ready Reckoner on Policies, Practices (Operations) and Regulations related information of different areas of the microfinance sector, is felt.

In an effort to fulfill this requirement the Policy Practice Atlas will include information related to policy, regulations, operation directives, implementation of polices in context of different products and services of MF, Organisations, target population and Geographic locations. Linkages will be developed between Products and Services and different legal entities in context of policy issues and operation guidelines and circulars. Policies and regulations will also be captured in the Atlas in terms of different segments of target population.

The Policy Practice Atlas is expected to;

- Provide a single source of information on policy and practice of MF to Government, the Regulatory bodies and Microfinance Practitioners of different thematic areas
- Provide policy institutions and researchers to work on Microfinance policy related research on various related themes and sub-themes
- Help UN Agencies and other Advocacy Organisations to readily access information on different areas of MF policy and operations so as to be quickly and easily identifying the policy issues to be addressed.

The policy directives and regulations issued by the various regulators and development agencies like RBI and NABARD are organized and presented in the following chapters.

Framework for Policy Practice Atlas*
and Key Components of the Atlas

MF Products & Services and Relevant Policy Practice information

1. Savings: Mandatory Savings + Voluntary Savings

2. Credit: Emergency or Consumption Credit, Production / Income Generating Loans and Housing Microfinance

3. Insurance / Micro Pensions / Social Security Services: Life, Health, Livestock and other insurance, Micro Pensions and other Social Security Products

4. Money Transfers: Transfer of money as payment system (From Agencies to people and from people to Govt. and other agencies) and Remittances

5. Micro Leasing: Leasing of equipments, vehicles and other productive Assests for farm and non - farm sector livelihoods

Different Segments of Population and Special Provisions & Regulations Related to MF

People with Disabilities, Older Persons, Widows and Orphans, SC / ST, Women, Youth etc.

Geographical Classification

Rural, Urban, Remote & Mountain areas

Regulations, Policies, Programmes, Special Privileges

Service Providers: Type of organizations and Policy / Regulatory Aspects

1. Not for Profit Institutions: NGOs/VOs, Trusts and Section 25 Companies

2. People's / Mutual Benefit Organizations: Cooperatives, SHG federations, SHGs, Other Collectives, Associations, CBOs, Producer Groups etc.

3. Private / For Profit Organizations: Companies / Non-Banking Finance Companies, Proprietary firms, Private organizations

4. International Organizations: UN and its associate agencies, intergovernmental Organizations, Multi or Bilateral Agency, International NGOs and their projects

5. Academic and Research institutions: Research/Education/ Training/Policy Institutes

6. Government and Public Sector Undertakings: Ministries, Govt. Departments, Public sector undertakings

Constituents of Policy Practice Atlas

Portals and Information Sources; **Circulars** (Different MF Services); Relevant **Acts, Rules and Regulations; Policy-Practice gaps**; **Names and contact details** of relevant regulatory bodies, government institutions, promotional support institutions and networks.

*Framework developed by Navin Anand, Solution Exchange, United Nations, New Delhi, India

SECTION II

CHAPTER – II

Savings

(Bank / Postal Savings Accounts Opening)

S.1 - Savings – Need and Importance

Savings is the net surplus out of income after providing for consumption expenses. In general equations savings equals income minus expenditure, but prudential persons use the equation Income minus savings equals expenditure thus practicing thrift.

Savings could be in any way - in cash or in kind. People save in the form of food grains, or in the form of jewellery in precious metals like Silver / Gold / Platinum or in precious and semi-precious stones or in the form of land or most preferred liquid form of savings in cash / bank deposits etc. People save for future. People save for wealth creation. People save for contingencies.

Savings give financial support and psychological confidence to people for facing crisis situations like calamities, disasters and helps in avoiding distress sale of assets. Savings enable entrepreneurs to put in initial seed money into their businesses or help them expand their businesses later. Where people's income is highly volatile, savings provide them a safety net during the lean seasons. Savings reduces the vulnerability by ensuring a definite financial support at critical times.

As with other people, the people at the Bottom of the Pyramid (BoP) also need several financial services and among these, savings is their prioritized need. People use the savings for planned and unplanned expenses. The planned expenses include the life cycle needs like children's education, marriage, house building, ceremonies, acquisition of household assets and investment in business and so on. The unplanned expenses include the expenses incurred during emergencies, sickness and hospitalization.

Hence, provision of savings products / services to the people in the BoP market assumes significance.

S.2 - Savings Product / Services

There are various types of savings products addressing to the different needs of the clients. There are such as Simple Demand Savings Account (Pass Book Savings Account) that encourages people to enter the formal financial system or the Recurring Deposit Account that helps save up small lump-sum amounts of money to address and strengthen coping capacities for planned expenses and reducing dependence on loans. Fixed Deposit (FD) Products (Term Deposits) capture the seasonal surpluses to be fixed for specific terms *inter alia* bringing higher returns and to help in achieving short term or long term financial goals of the people.

The attributes that the clients look while choosing a savings product include safety, accessibility, liquidity, acceptance of small amount and return.

Saving Products are also complemented by services and innovations in a bid to cope up with competition in the savings sector. The advent of ICT has spurred more client friendly and real time products, especially in the banking sector.

Services include;

a) Daily doorstep collection accounts (eg. Pygmy Deposit Scheme of Syndicate Bank), which are convenient for people in the informal sector, small vendors and shop keepers, who could save really small amounts but do not find time to go to bank daily as the time could be used for some more business.
b) A regular accumulation of savings in passbook account over a period of time, could be swapped into a Fixed Deposit automatically, when it reaches a threshold level.
c) Savings cum Loan account, as the loan facility is offered from the same account (e.g. Kisan Credit Card facility, wherein when the balance is in credit balance, client will get interest from the bank and when the balance is in debit balance, the client will pay the interest to the bank).

S.3 - Institutions offering Savings Services:

Both formal and informal institutions offer savings services in India.

Formal institutions include Banks, India Post, NBFCs with investment grade rating (Such NBFCs can offer only term savings and not demand savings), NGO–MFIs & Section 25 companies as Business Correspondents (BCs) of banks and Cooperative institutions offer savings services.

In terms of savings, Chit Funds are probably the most responsive to India's poor, offering doorstep service and regular and frequent collections. The Indian Chit Funds are basically Rotating Savings and Credit Associations (ROSCAs). Each state has its own set of regulations and it is very difficult to quantify the size of the industry. An IFMR study estimates that as of March 2009[3] the registered chit fund industry could be as large as Rs.720 billion to Rs.3.6 trillion. The study further estimates that the unregistered chit fund market could be as large as 15 times that of the registered market. The same study also found that 96% of respondents trusted their registered chits. However, given the estimated number of unregistered chits and common reports of failures and outright fraud, the industry as a whole has a poor reputation.

Among the informal institutions offering savings, Self Help Groups (SHGs) and JLGs (Joint Liability Groups - some JLGs are only credit groups) offer a flexible service and as of March 2013, it has been estimated that 7.32 million SHGs have mobilized a cumulative savings of Rs.270[4] billion as per the NABARD's Status of Microfinance Report 2012-13.

Some SHGs practice voluntary savings in addition to the compulsory savings, their members have agreed to make every week / fortnight / month. The voluntary savings will enable the households to turn the small lump-sum amounts that will fulfill the various needs of the clients at a future date.

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[3] Source: Micro save's Focus note no: 45-July 2010.

[4] Out of this, about 70% is used as internal loans by SHGs & the rest deposited with banks.

ROSCAs (Rotating Savings and Credit Associations, known as Marups in Manipur) are groups of people who save money weekly or monthly and then distribute it to the ROSCA members in turn. The distribution is decided by mutual consent, lottery, and seniority within the group or bidding as agreed upon by the members. The tenure depends on the number of members in the group and typically varies from 20 to 30 instalments. No new membership is allowed during the currency of the tenure, and the group dissolves after tenure.

ASCAs (Accumulating Savings and Credit Associations), also known as Sonchay, Somobay, Samiti, Got (operating in North Eastern states of Assam and Meghalaya) are savings based groups of generally 25-40 members, where the members deposit monthly savings of a fixed amount into a central pool, from which money is lent out to members as also to non-members. ASCAs are usually purpose-based groups which run for 1-2 years, and often liquidate and provide payouts prior to festivals. Members earn interest in proportion to their savings amount.

As of 2011 (Population based on Census 2011 and Number of branches as on 31.03.12) 58.7% of the total households are availing banking services[5] (54.4% of rural households & 67.8% of the urban households) and hence, there is a long way to go to reach the unreached households.

S.4 - Policy Support:

Ministry of Finance, Government of India and RBI have been initiating policies to promote savings, as savings is a key driver to spur the growth of the economy. The same are briefed as below:

S.5 - Opening of Savings Bank accounts in the name of SHGs

Though initially, only individuals or registered entities could open the Savings Bank (SB) account in Banks, taking in the requirement of a semi-formal method of facilitating savings from the poor and the low-income group people, RBI has recognized the SHGs

[5] *Government of India, Ministry of Finance, Department of Financial Services F. No.6/23/2012-FI dated 28th August, 2012*

and advised all banks to open accounts in the names of SHGs, even though they are unregistered and / or informal.

Vide the circular reference cited below, Self-Help Groups (SHGs), registered or unregistered, were allowed to open Savings Bank Accounts with banks. SHGs need not have already availed of credit facilities with the bank while opening of such account.

Details	References
Circular/s	***1. DBOD No. BC 63/13:01:08/92-93 dated January 4, 1993*** ***2. DBOD.DIR.BC.11/13.01.08/98 dated February 10, 1998***
Web Link/s	***http://www.nabard.org/fileupload/DataBank/Circulars/circ_rbi04011993.pdf*** ***http://www.nabard.org/pdf/circ_rbi10021998.pdf***

S.6 - Exclusion of service area norms for SHGs

In November 1994, RBI constituted a Working Group comprising eminent NGO functionaries, academicians, consultants and bankers under the Chairmanship of Shri S.K. Kalia, the then Managing Director, NABARD to study the functioning of SHGs and NGOs for expanding their activities and deepening their role in the rural sector. As a follow up of the recommendations of the Working Group, which have been examined and generally accepted by RBI, gave a direction to all banks in 1996 stating that:

"If a NGO/SHG feels more confident and assured to deal with a particular branch other than Service Area branch and the particular branch is willing to finance, such a NGO/SHG may, at its discretion, deal with a branch other than the Service Area branch" thus giving an option to the SHGs for choosing a particular branch of a bank of their choice and convenience for opening their account.

Details	References
Circular	***RPCD. No. PL.BC.120/04.09.22/95-96 dated April 2, 1996***
Web Link	***http://www.nabard.org/pdf/circ_rbi02041996.pdf***

S.7 – Financial Inclusion – Opening ‘Zero Balance’ or ‘No frills’ Accounts

To ensure ‘including the excluded’ and with a view to achieve total financial inclusion, RBI advised all banks to make available, a basic banking *'No-frills'* account either with 'nil' or ‘very low’ minimum balances & charges so that such accounts could be accessible to a vast section of population, in the country especially to people who cannot afford to open an account with a stipulated minimum balance of amount. The nature and number of transactions in such accounts could be restricted, but should be made known to the customer in advance and in a transparent manner.

All banks were advised to give wide publicity physically in their offices / branches / meets as also virtually on their respective web sites on the availability of such 'no-frills' account opening facility indicating the process, facilities and charges in a transparent manner.

Details	References
Circular/s	***1) RBI/2005-06/204 DBOD. No. Leg. BC. 44/09.07.005/2005-06 dated November 11, 2005*** ***2) RBI/2005-06/233 RPCD.RF.BC.54/07.38.01/2005-06 dated December 13, 2005 RBI/2005-06/244*** ***3) RPCD.CO.No.RRB.BC.58/03.05.33 (F)/2005-06 dated December 27, 2005***
Web Link/s	***http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/67155.pdf*** ***http://rbi.org.in/scripts/NotificationUser.aspx?Id=2662&Mode=0*** ***http://rbi.org.in/scripts/NotificationUser.aspx?Id=2669&Mode=0***

However, certain sections of people consider it a stigma to open a ‘No-frill’ account as it automatically can brand a client as poor or of low-income group.

S.8 - Opening of basic savings bank deposit account

‘Basic Savings Bank Deposit Account’ should be considered a normal banking service available to all and offers minimum common facilities, without any charges, to all their customers, like;

i. The account shall not have the requirement of any minimum balance.

ii. The services available with the account will include deposit and withdrawal of cash at the bank's branch as well as ATMs
iii. Receipt / Credit or deposit / collection of money through electronic payment channels or by cheques drawn by Central / State Government departments / agencies
iv. Facility of ATM card or ATM-cum-Debit Card.

While there will be no limit on the number of deposits that can be made in a month, account holders will be allowed a maximum of four withdrawals in a month, including ATM withdrawals.

With a view to doing away with the stigma associated with the nomenclature 'Zero Balance or 'No frills' account and to make the basic banking facilities available in a more uniform manner across banking system, RBI has modified the guidelines on opening of basic banking 'no-frills' accounts.

Accordingly, in supersession of instructions contained in RPCD.CO.No.RRB.BC.58 / 03.05.33(F) / 2005-06 dated December 27, 2005 and RPCD.RF.BC. 54/07.38.01/2005-06 dated December 13, 2005 on 'Financial Inclusion', banks were advised to offer a 'Basic Savings Bank Deposit Account' which will offer certain minimum common facilities to all their customers.

The existing basic banking 'Zero Balance' or 'No frills' accounts should be converted to 'Basic Savings Bank Deposit Account'

Details	References
Circular	***RBI/2012-13/172 RPCD.CO.RRB.RCB.BC.No.24/07.38.01/2012-13 dated August 22, 2012***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/CFI22082012F.pdf***

S.9 - One bank account for one family scheme

A Master Circular has been issued, on 4th April, 2012, by Department of Financial Services, Ministry of Finance (MoF), Government of India (GoI), on Strategy and Guidelines on Financial Inclusion which also contains, in paragraph 7, guidelines relating to Electronic Benefit Transfer (EBT) wherein Convener Banks of State Level Bankers' Committees (SLBCs) have been advised to take up the matter of electronic transfer of subsidies under the 32 Schemes of Govt. of India in which benefits are to be given directly into the accounts of the beneficiaries who can then withdraw the same from the bank branch or the ATMs. For such electronic transfer of subsidies, it is important that the beneficiaries have an account in the service area bank in line with the guidelines of the Reserve Bank of India on "One District–Many Banks–One Leader Bank" model. In view of the above, The Department of Financial Services has given directions to all the banks that:-

(i) Banks will launch campaigns to ensure that each family living in the service area of their branch, with rural villages attached to it, has an account with the branch.

(ii) If the family already has an account, no new account needs to be opened. In cases where the family already has more than one account in the name of its member(s), they may be encouraged to combine these into a Joint Family Account. However, in case the family wishes to continue with separate account(s), they should be allowed to continue maintaining such account(s).

(iii) There are no requirements of Government of India to open a separate account for each benefit; hence, accounts need not be opened scheme-wise by the benefiting family.

(iv) For this purpose, the last electoral roll of each village may be obtained and they may be assigned to respective Business Correspondent Associates (BCAs) for the sub-service area assigned to them and where there is no BCA to any other staff of nearby branch for opening of bank account.

(v) Wherever the account holder has obtained an Aadhaar number, the same should also be included in the account details at the time of opening the account.

(vi) During the campaign, people may be motivated to get their account opened in banks considering that banks are already with the Core Banking Solution and electronic transfer of subsidies to the account of the beneficiaries and their withdrawal through the huge network of branches / ATMs will be convenient.

It was directed that the banks need to ensure that opening of new accounts and changes in the existing accounts are completed by June, 2012.

Details	References
Circulars	***Department of Financial Services, MoF, GoI, F. No.8/11/2011/FI dated 14th May, 2012***
Web Links	***http://financialservices.gov.in/banking/campaign.pdf***

S.10 - Bank accounts for migrants in urban areas

A sub-Group, of senior officers of select Public Sector Banks (PSBs), was formed to suggest a simplified uniform account opening form, to facilitate opening of bank account by the migrant labour, street hawkers, and other poorer sections of the society so as to achieve the stated objective of universal financial inclusion. The main challenge was lack of important documents to endorse the identity and residence proof of such customers / clients.

Indian Banks' Association (IBA) which was requested to coordinate the efforts in this regard and the sub-Group have since finalised the "Simplified Uniform Savings Bank Account Opening Form" for all the PSBs. In addition to the general details, the Form also contains a detailed list of 'Know Your Customer / Client' (KYC) documents that are required which can be used for opening of bank account by individuals. Chief Executives of all the PSBs were requested to put into use this "Simplified Uniform Savings Bank Account Opening Form" in all their branches immediately (The first web link under this section leads to the formats prescribed). This has the approval of the Financial Secretary (FS).

The instructions issued for opening of accounts of the migratory workers were intended to smoothen the process of opening of bank accounts for the migratory workers, who have no proof of current place of residence. However, they still face a lot of difficulties in opening of bank accounts. The MoF, Department of Revenue and the RBI have issued instructions permitting opening of 'small accounts' with relaxed KYC norms, on self-certification basis.

Though the banks were expected to aggressively utilize these provisions for opening of bank accounts - particularly of the excluded sections of society, a perceptible reluctance has been observed on part of the banks in opening of accounts "on self-certification basis" more due to concern on the truthfulness of the details being mentioned to open accounts. This has been viewed by the Government seriously and adversely. To allay any gaps in this regard, all the Public Sector Banks (PSBs) were asked to follow the following procedure for opening of bank accounts of migratory workers –

i. A migratory worker may visit any branch of the bank servicing the area of his / her permanent residence for opening a bank account;

ii. The branch will open his / her account on self-certification basis, or on introduction basis, and / or on the basis of the documents made available by the individual including a proof of permanent place of residence, as the case may be, and allow operations immediately;

iii. The bank branch / office opening such an account may get the details / proof of permanent place of residence verified through an 'on-line' communication to the branch of the bank servicing the area of permanent domicile of the customer, within 30 days of opening of an account, within which the customer may be allowed operations as permissible for 'small account' to enable him / her to meet basic day-to-day requirements of funds;

iv. On receipt of 'on-line' verification of documents, the bank branch will allow full operational facilities in the account, which are available to a normal account.

Details	References
Circulars	***1) Department of Financial Services, MoF, GoI, F. No.25/09/2012-BO.II dated 19th July, 2012*** ***2) Department of Financial Services, MoF, GoI, F. No. 31/3/2011-BO.II dated 20th July, 2012***
Web Links	***http://financialservices.gov.in/banking/circulars/2012/Simplified%20Uniform%20Savings%20Bank%20Account%20Opening%20Form.pdf*** ***http://financialservices.gov.in/banking/circulars/2012/KYC%20%20Master%20Circular.pdf***

S.11 - Account opening for people affected by natural calamities

To facilitate opening of new accounts by persons affected by natural calamities especially for availing various reliefs given by Government / other agencies, banks may open accounts with –

a. introduction from another account holder who has undergone full KYC procedure, or
b. documents of identity such as Voter's Identity Card or a driving license, identity card issued by an office, company, school, college, etc. along with a document indicating the address such as Electricity Bill, Ration Card etc. or
c. introduction by two neighbours who have the documents as indicated in point b above or
d. in the absence of the above, any other evidence to the satisfaction of the bank.

The above instructions will be applicable to cases where the balance in the account does not exceed Rs. 50,000/- or the amount of relief granted (if higher) and the total credit in the account does not exceed Rs. 1,00,000/- in a year.

Details	References
Circulars	***RBI/2012-13/86 RPCD. No. PLFS. BC 3/ 05.04.02/ 2012-13 dated July 2, 2012***
Web Links	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/86MCNC300612.pdf***

S.12 - Simplified KYC norms

RBI recognized that a large number of persons, especially those belonging to low income group - both in urban and rural areas, are unable to produce such documents needed by the KYC norms, to satisfy the banks, particularly about their identity and address.

So, RBI has decided to further simplify the KYC procedure for opening of accounts for those persons who intend to keep balances not exceeding rupees fifty thousand (Rs.50,000/-) in all their accounts put together and the total credit in all the accounts taken together is not expected to exceed rupees one lakh (Rs.1,00,000/-) in a year. Accordingly, if a person who wants to open an account is not able to produce documents mentioned in the annexure-II of the RBI circular dated November 29, 2004, banks may open accounts subject to:

a) the introduction from another account holder who has been subjected to full KYC procedure. The introducer's account with the bank should be at least six month old and should show satisfactory transactions. Photograph of the customer who proposes to open the account and also his address needs to be certified by the introducer.

Or

b) any other evidence as to the identity and address of the customer to the satisfaction of the bank.

Annexure II of RBI circular dated November 29, 2004 (Please refer to the second web link under this section) contains the features to be verified and documents that may be obtained from customers / clients, as part of the Customer Identification Procedure.

Details	References
Circulars	***1) RBI-2004-05/284 DBOD.NO.AML.BC.58/14.01.001/2004-05 dated November 29, 2004*** ***2) RBI/2005-06/135 DBOD.NO.AML.BC.28 /14.01.001/2005-06 dated August 23, 2005***
Web Links	***http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/65481.pdf*** ***http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/58981.pdf***

S.13 - KYC norms for small accounts

RBI has defined the Small accounts as a savings account in a banking company where-

(i) the aggregate of all credits in a financial year does not exceed rupees one lakh;

(ii) the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand; and

(iii) the balance at any point of time does not exceed rupees fifty thousand.

An individual who desires to open a small account in a banking company may be allowed to open such an account on production of a self-attested photograph and affixation of signature or thumb print, as the case may be, on the form for opening the account. Provided that:

(i) the designated officer of the banking company, while opening the small account, certifies under his signature that the person opening the account has affixed his signature or thumb print, as the case may be, in his presence;

(ii) a small account shall be opened only at banking company branches linked with Core Banking Solution or in a branch where it is possible to manually monitor and ensure that foreign remittances are not credited to a small account and that the stipulated limits on monthly and annual aggregate of transactions and balance in such accounts are not breached, before a transaction is allowed to take place.

Details	References
Circulars	***1) RBI/2010-11/389 DBOD. AML. No. 77 /14.01.001/2010-11 dated January 27, 2011*** ***2) RBI/2011-12/147 RPCD.CO RRB.AML.BC.No.15 /03.05.33(E)/2011-12 dated August 8, 2011***
Web Links	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/COSA270111.pdf*** ***http://www.rbi.org.in/commonman/Upload/English/Notification/PDFs/CRRB15080811.pdf***

S.14 - Interest Rate De-regulation

The Reserve Bank of India prepared a discussion paper on ‘Deregulation of Savings Bank Deposit Interest Rate’ and posted it on its website in April 2011, for public comments / suggestions. The discussion paper evoked wide-ranging responses from a cross-section of stakeholders, ranging from the suggestion that savings bank deposit interest rate should not be deregulated at all to the suggestion that it should be deregulated completely. After examining the suggestions received and weighing the pros and cons of deregulation, it was decided to complete the process of deregulation of rupee interest rates. Accordingly, the following guidelines were issued to become effective from October 25, 2011:

i) Banks are free to determine their savings bank deposit interest rate, subject to the following two conditions:

ii) First, each bank will have to offer a uniform interest rate on savings bank deposits up to Rs.1 lakh, irrespective of the amount in the account within this limit.

iii) Second, for savings bank deposits over Rs.1 lakh, a bank may provide differential rates of interest, if it so chooses, subject to the condition that banks will not discriminate in the matter of interest paid on such deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.

Details	References
Circular	***RBI/2011-12/233 DBOD. Dir. BC. 42 /13.03.00/2011-12 dated October 25, 2011***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/CAN251011FL.pdf***

S.15 - Calculation of interest on daily rests

The Annual Policy Statement announced on April 21, 2009, proposed that effective April 1, 2010, payment of interest on savings bank accounts by scheduled commercial banks would be calculated on a daily product basis.

In terms of extant guidelines, as per paragraph 2.2B of the Master Circular dated July 1, 2008 on Interest Rates on Rupee Deposits held in Domestic, Non Resident Ordinary (NRO) and Non Resident External (NRE) Accounts, banks have been advised that in the case of savings deposits, interest should be calculated on the minimum balance to the credit of the deposit account during the period from the 10th to the last day of each calendar month and credited to the account only when it is Re.1/- or more.

Several banks had suggested that interest on savings bank accounts may be calculated either on the minimum balances in the deposit accounts during the period from the first to the last day of each calendar month or on a daily product basis. The matter was referred to the Indian Banks' Association, which was of the view that payment of interest on a daily product basis would be feasible only when computerisation in banks is completed.

Upon a review and in view of the present satisfactory level of computerisation in commercial bank branches, RBI has advised banks that payment of interest on savings bank accounts by scheduled commercial banks be calculated on a daily product basis with effect from April 1, 2010.

Details	References
Circular	***RBI/2008-09/452 DBOD. No. Dir. BC.128/13.03.00/2008-09 dated April 24, 2009***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/BC128SBD24409.pdf***

S.16 – Indian Postal Savings

Much before Microfinance started its efforts the Department of Posts or Indian Post as it is more known as started offering saving services to all the people and especially to the rural population in India.

While the postal service in the country is estimated to be as old as 2000 BC;

Post Office Savings Banks (POSBs) opened throughout India on April 1, 1882 (In the Madras Presidency it was limited and in the Bengal Presidency it was not established, yet) on the basis of the 'The Government Savings Bank Act 1873 (5 of 1873), passed by the legislature on January 28, 1873 and which was enacted in 1881 and Postal Life Insurance (PLI) began on February 1, 1884 for the employees of the Posts & Telegraphs Department as a welfare measure based on the GoI dispatch to the Secretary of State bearing No. 299 and dated October 18, 1882.

The POSBs broadly offer seven savings products:

- Monthly Income Scheme (MIS) Account
- National Savings Certificates (NSC)
- Public Provident Fund (PPF) Account
- Recurring Deposit (RD) Account
- Savings Account
- Senior Citizen Savings Scheme (SCSS) Account and
- Time Deposit Account

With over 155,000 post offices across India and about 90% of them in the rural areas Post offices are in much enviable position as far as outreach is concerned. Though, on an average, one post office serves an area of 21.21 kms and an average population of 7,175 (2009 data), the system needs to be modernized all across.

Though the department is moving towards modernisation it could be more rapid both in width and depth. Yet, the POSBs are an important link in the microfinance needs of the poor.

The POSBs also fall in line on KYC norms and Zero Balance Accounts.

Details	References
Circular/s	***1) Master Circular No. 1 on KYC norms in POSB/SC under AML/CFT regime*** ***2) Department of Posts, Ministry of Communications & IT, GoI, F. No. 25-10/2005-FS (Vol-III) SB Order No. 9/2013 dated May 24, 2013***
Web Link/s	***http://en.wikipedia.org/wiki/Indian_Postal_Service*** ***http://www.indiapost.gov.in/POSB.aspx*** ***http://www.indiapost.gov.in/Our_Network.aspx*** ***http://www.indiapost.gov.in/Pdf/Master_Circular_No.1_on_KYC_norms_in_POSB.pdf*** ***http://www.indiapost.gov.in/DOP/Pdf/Circulars/SBOrder9.pdf***

Savings - Quick Index of Circulars

Subject of the Circular	Circular Reference
Opening of SB Accounts in the Name of SHGs	1. DBOD No. BC 63/13:01:08/92-93 dated January 4, 1993 2. DBOD.DIR.BC.11/13.01.08/98 dated February 10, 1998
Exclusion of Service Area Norms for SHGs for opening SB accounts	RPCD. No. PL.BC.120/04.09.22/95-96 dated April 2, 1996
Opening of No Frills Accounts	RBI/2005-06/204 DBOD.No.Leg.BC. 44/09.07.005/2005-06 dated November 11, 2005
Opening of Basic Savings Deposit Account	RBI/2012-13/172 RPCD.CO.RRB.RCB.BC.No.24/07.38.01/2012-13 dated August 22, 2012
One Bank Account for One Family Scheme	Government of India, Ministry of Finance, Department of Financial Services F. No.8/11/2011/FI dated 14th May, 2012
Bank Account for Migrants in Urban Areas	1. Government of India, Ministry of Finance, Department of Financial Services F. No.25/09/2012-BO.II dated 19th July, 2012 2. Government of India, Ministry of Finance, Department of Financial Services F. No. 31/3/2011-BO.II dated 20th July, 2012
Account Opening for People Affected in Natural Calamities	RBI/2012-13/86 RPCD. No. PLFS. BC 3/ 05.04.02/ 2012-13 dated July 2, 2012
Simplified KYC Norms	RBI/2005-06/135 DBOD.NO.AML.BC.28 /14.01.001/2005-06 dated August 23, 2005
KYC Norms for Small Accounts	1. RBI/2010-11/389 DBOD.AML.No. 77 /14.01.001/2010-11 dated January 27, 2011 2. RBI/2011-12/147 RPCD.CO RRB.AML.BC.No.15 /03.05.33(E)/2011-12 dated August 8, 2011
Interest Rate Deregulation	RBI/2011-12/233 DBOD.Dir.BC. 42 /13.03.00/2011-12 dated October 25, 2011
Calculation of Interest on Daily Rests	RBI/2008-09/452 DBOD. No. Dir. BC.128/13.03.00/2008-09 dated April 24, 2009
Indian Postal Savings	1. Master Circular No. 1 on KYC norms in POSB/SC under AML/CFT regime 2. Department of Posts, Ministry of Communications & IT, GoI, F. No. 25-10/2005-FS (Vol-III) SB Order No. 9/2013 dated May 24, 2013

CHAPTER – III

MICRO CREDIT

Mc.1 - Need for Micro credit

The International Poverty Line puts the world's Below Poverty Line (BPL) people as those living under US $ 1.25 to 2 Purchasing Power Parity (PPP) per day. People falling under this category of poverty do not have any options or recourses to pay for unexpected expenses towards illnesses or losses or for withstanding any natural calamities.

These are also the people without any collateral or any credit history or business tracks to access monetary assistance from formals sources of credit such as banks. The loan sizes required by this section of people are usually too small thus costing high on transactions to become attractive for the banks on a business view. Also in the absence of banking facilities in remote areas these people can ill afford to leave their meagre wage earning work and travel towards banks at a distance. As most of these people or also illiterates they find it difficult to operate bank accounts.

The immediate recourse they have is the money-lending system prevailing in their proximity. However these moneylenders normally charge astronomical amounts of interest thus forcing the poor to inevitably become poorer in servicing the interests alone. It is under these circumstances that micro credit has become a felt need.

Banks have to play a vital role in providing capital and enabling the people at the bottom of the pyramid to use the economic opportunities for their development. Provision of customized credit services to the poor will enable them to invest the capital in their micro enterprises, to smoothen their consumption expenses, to increase their income and build assets and also ensure the safety of their livelihood by reducing their vulnerability. The resulting economic development of the poor will lead to their social empowerment at the household and community level, which will ultimately lead to the holistic Human capital development.

Despite huge network of over 150,000 retail units of all forms of banks in the country, the need for intermediary organisations such as Cooperatives, Microfinance Institutions, Societies etc., are still being relevant as the reach of the banks across the country is still not fully adequate.

However, building a more inclusive financial system is emerging as a priority for the governments in a bid to potentially reducing poverty and empowering the underprivileged. With this initiative it is hoped that there would be a more comprehensive delivery of the much needed micro credit.

Mc.2 - Institutions offering micro credit

Micro credit is delivered by;

a) Banks {LABs, RRBs, Cooperative Banks, Private Sector & Public Sector banks as also some Foreign Banks / Multi National Banks (MNBs)}, either directly or through intermediaries,

b) Development Banks and Institutions {NABARD, Small Industries Development Bank of India (SIDBI) and Rashtriya Mahila Kosh (RMK)}

c) NBFCs {e.g. Ananya Finance for Inclusive Growth & NABARD Financial Services Limited (NABFINS)} by funding debts to established MFIs through bulk financing and

d) NGOs and MFIs.

Where NGOs act as non-financial intermediaries, banks directly lend to SHGs / JLGs and / or individuals. Where NGOs act as financial intermediaries, banks lend to NGOs and NGOs on-lend to SHGs / JLGs and / or to individuals. Same is the case when the NGO-MFIs access bulk funding from other NBFCs (lending in bulk) and Development banks / institutions.

Mc.3 - Nature of facilities

Banks and MFIs offer micro credit mostly as term loans. Some banks offer them as cash credit facility, which will help the SHGs to use the credit in a more optimal way as crediting any surplus to the cash credit account will lead to the reduction in the loan burden as also in the net interest payment. It will also lead to the cost savings in documentation work, as the bank need not open a new loan account for every loan cycle and take a fresh document set.

In November 2011[6], Ministry of Finance issued directions to banks on Cash credit limits to SHGs and later based on representations from Ministry of Rural Development, IBA,

[6] Circular of Ministry of Finance, Department of Financial services, Govt. of India dated 17th November 2011.

NABARD and State Bank of India (SBI) again issued revised guidelines on cash credit facility in April 2012[7].

MNBs support MFIs by issuing Stand-by Letters of Credit (LoC) to MFIs based on which the local banks extend loan facilities to MFIs based on the guarantee of the LoC issued by the MNBs. This enables the MFIs avoid any foreign exchange risk, as they receive loans in local currency.

Mc.4 - Type of products

Banks and MFIs offer a range of micro credit products to its clients. While the basic products remained to be savings and savings leveraged micro credit, based on the development of SHGs and their needs, over a period of time, banks and MFIs also developed several specific credit products (apart from regular loans for productive enterprises) to cater to the specific needs of the niche markets within the bottom of the pyramid.

Some such popular products are loans for education, housing, Water, Sanitation and Health (WASH), for household festivities and rituals and also for buying consumer / white goods like food processing implements, refrigerators. Advanced loan products include combo products of savings, overdraft and insurance loans and foreign currency loans.

Yet it is found that the formal financial systems need to learn many client friendly processes from the informal financial system, especially the timely lending as also any-time lending.

Mc.5 - SHG-Bank Linkage – Pilot Project

Despite the attempts of vast expansion of the formal credit system in the country, the dependence, of the poor - especially in rural areas, on moneylenders continued in many areas towards meeting emergency requirements etc. Such dependence was more pronounced in the case of landless labourers, marginal farmers, rural artisans and petty traders belonging to socially and economically backward classes and tribes whose

[7] Circular of Ministry of Finance, Department of Financial services, Govt. of India dated 2nd April 2012 (F.No: 3/37/2012-AC.

propensity to save was limited or found too small to be serviced by banks and other formal service system.

In view of the above, NABARD innovated a pilot project for formation of Self Help Groups by Mysore Resettlement and Development Agency (MYRADA) and later by others and linking them with bank credit. It was initially proposed to start with linking of 500 groups. NABARD agreed to extend technical support, training, and other guidance to the agencies participating in the pilot project. NABARD also agreed to support the pilot project by way of providing refinance support to the banks.

The banks were advised to actively participate in the above programme. The banks will provide credit to the groups at the rate of interest as per the directions of NABARD. The groups are free to decide the rate of interest to be charged to their members while on-lending / sharing within the groups. Further, the advances given by the banks will be treated as advances given to the weaker sections and will be treated as advances under the priority sector. The relaxations under rate of interest, refinance, security norms, margin etc., were made applicable only to this pilot project.

Mc.6 – Policy Support

Ministry of finance and Reserve Bank of India have been proactive in the micro finance regulatory environment in the country, continuing to improve upon, which has paved the way for the massive development of the product ranges and its offering to micro finance clients. The circulars concerned are listed.

Details	References
Circular	***Plan BC.13/PL-09.22/90-91 dated July 24, 1991***
Web Link	***http://www.nabard.org/pdf/circ_rbi24071991.pdf***

Mc.7 - SHG-Bank linkage – Guidelines for the pilot project

The Reserve Bank of India has issued a Circular Ref. RPCD. No. Plan.BC.13/PL-09-22/90-91 dated 24 July, 1991 to commercial banks advising them to actively participate in the pilot project for linking Self Help Groups (SHGs) with banks.

The circular gave detailed terms and conditions viz.,

- criteria for selection of SHGs,
- project location,
- size of the group,
- SHG-Bank linkage procedure,
- security norms,
- margin,
- method of assessing credit,
- rate of interest to be charged,
- repayment period of loans,
- capacity building programmes for the group members, grant support from NABARD,
- refinance support to banks,
- procedure for drawing of refinance, - -
- documentation procedure
- method of conducting meetings,
- maintenance of books of accounts by the SHGs etc.

Guidelines framed and drafted for the purpose were annexed (III) to the circular.

The objectives of the programme were:

a. To evolve supplementary strategies for meeting the credit needs of the rural poor.
b. To build mutual trust and confidence between the banks and the rural poor.
c. To encourage banking activity both on thrift and credit.

Under the Pilot Project, the concerned NGO, bank and NABARD together, will identify the groups to be covered under the programme.

RBI, while giving general directions regarding financing of informal groups in the circular, has also advised that the details of the pilot schemes will be evolved by it in consultation with other banks. Accordingly, after consultation with banks and Voluntary Agencies (Vas) (VAs, also called non-governmental organisations or NGOs) RBI has finalised the guidelines and came out with this circular.

The Guidelines were deliberately kept flexible to enable participating banks and field level banks to innovate and contribute to building and strengthening the project concept.

Details	References
Circulars	***1) RPCD. No. Plan.BC.13/PL-09-22/90-91 dated 24 July, 1991*** ***2) NB.DPD.FS.4631/92-A/91-92 Circular No. DPD/104 dated 26 February 1992***
Web Link	***http://www.nabard.org/pdf/circ_nb26021992.pdf***

Mc.8 - SHG-Bank Linkage – Guidelines on size of the SHGs

Earlier NABARD issued guidelines indicating that the size of the group should preferably be between 10 and 25 members. However, Section 11 (2) of the Companies Act forbids any company, association or partnership consisting of more than 20 persons for the purpose of carrying on any business that has for its object the acquisition of gain by the said association or by the individual members thereof, unless it is registered as a company under the Companies Act.

As the SHGs will be availing financial loans from Banks with a view to developing and ameliorating the socio-economic conditions of the individual members and their respective families, a group with more than 20 members would attract the prohibition under Section 11 of the Companies Act. Such an association would not be recognized by Law and it cannot sue to recover any debt or other property nor can be sued to recover money lent to it to carry out its object. In view of the above, it was advised to have SHGs with not more than 20 persons.

Details	References
Circular	***NB. DPD. SHG. 2353/92-A/94-95 Circular No. DPD. 11/94-95 dated 19 October, 1994***
Web Link	***http://www.nabard.org/pdf/circ_nb19101994.pdf***

Mc.9 – SHG-Bank Linkage – Clarification on size of the SHG

Earlier NABARD has issued guidelines indicating the number of members in the SHG would not exceed 20 in view of the limitation imposed by Section 11 (2) of the Companies Act 1956. However, SK Kalia Committee observed that the informal character of SHGs has to be maintained. Therefore, the banks will have to take their own view on whether or not to finance a SHG. NABARD will have no objection to finance and refinance SHGs of larger sizes also.

Details	References
Circular	***NB.MCID.H67/SHG(TVN)/99-2000 dated 29 May 1999***
Web Link/s	**Web Link Not Available**
Note:	**As web link is not available, copy of the circular is annexed as Annexure Mf.2-1 at the end of this part**

Mc.10–Change in Collateral/Security norms for SHG lending

As the SHGs would not be in a position to bring in any collateral security, the banks were advised to treat the groups' savings itself as security for loans sanctioned to them. However, it was observed that banks were insisting that the SHGs have to keep the groups' savings either in a SB Account or in FDs etc.

This practice of the banks deprived the SHGs of their savings which otherwise were available to them for internal lending to their members within the group. Hence, a circular was issued to adopt flexibility in observing security norms for SHG lending and the banks were advised to stop this practice of insisting on security through SB / FD accounts and take a pragmatic view and issue suitable instructions to their branches.

Details	References
Circular	***NB.DPD.NFS/H/5253/CDID/92A/96-97 dated 21 Feb.1997***
Web Link/s	Web Link Not Available
Note:	**As web link is not available, copy of the circular is annexed as Annexure Mf.2-2 at the end of this part**

Mc.11 - Directions on recommendations of the working group on NGOs & SHGs

An impact assessment on the SHG-Bank Linkage Project by NABARD in a few states brought out encouraging results like increase in loan volumes of SHGs, definite shift in the lending pattern of the members - from non-income generating activities to production activities, nearly 100 per cent recoveries, significant reduction in transaction cost etc.

Accordingly, RBI constituted a Working Group consisting of members from RBI, GOI, NABARD, NGOs under the chairmanship of Shri S.K. Kalia to examine the need for suitable policy support.

The Working Group was of the view that the linking of SHGs with the banks is a cost effective, transparent and flexible approach to improve the accessibility of credit from the formal banking system to the unreached rural poor. The system is expected to offer the much needed solution to the twin problems being faced by the banks – i) the high transaction cost in dealing with small borrowers at frequent intervals and ii) recovery of loans in the rural areas.

The Working Group, therefore, felt that the thrust of the policy should be to encourage the formation of SHGs and their linking with the banks and in this regard, the banks would continue to have a major role to play.

The recommendations of the Working Group have since been examined, accepted by RBI and directions were given to banks vide circular dated 2nd April 1996.

Details	References
Circular	***RPCD. No. PL.BC.120/04.09.22/95-96 dated April 2, 1996***
Web Link	***http://www.nabard.org/pdf/circ_rbi02041996.pdf***

Mc.12 - Recommendations of the high-powered task force on Microfinance

Women's World Banking (WWB), New York, in association with Friends of WWB (FWWB-Ahmedabad), had organised a High Level Policy Forum on "Building India's Leadership in microFinance" on November 6, 1998. The forum was addressed by the Governor of RBI and attended by senior government and bank officials and prominent Microfinance practitioners.

The Forum suggested that a high-powered Task Force on microFinance may be constituted by NABARD to arrive at a conceptual policy framework encompassing issues in policy, regulation, financing and capacity building, for sustainable growth of MF in the country.

Accordingly, a Task Force was constituted by NABARD under the Chairmanship of Shri Y. C. Nanda, Managing Director, NABARD. Some of the major recommendations were:

MFI – Bank Linkage:

Recommending for wholesale / bulk financing of MFIs by Commercial Banks and RBI issuing appropriate guidelines to all banks to treat lending to MFIs for further on-lending as part of their regular credit operations under priority sector

Regulation of MFIs:

For both Deposit accepting and Non Deposit accepting MFIs

Creation of a separate Category of NBFC-MFIs

Suitable Amendments to RBI Act for these

Details	References
Reference	***Task Force on Supportive Policy and Regulatory Framework for Micro Finance in India - SUMMARY AND RECOMMENDATIONS***
Web Link	***http://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/10307.pdf***

Mc.13 - Execution of *Inter se'* Agreement

Inter Se' meaning "between or amongst themselves" is Legal Latin word. Though Self Help Groups, which were restricted to be under 20 membership, were advised to use Inter Se' agreements within the groups as the groups were dealing in monetary transactions through saving, internal lending, interest collection, corpus creation and in some cases informal dividend issuance.

As the Inter Se' agreement inevitably had the names and signatures of all the members of a group the document was used as a primary membership identification as also a binding document while accessing loans from banks through linkage project.

However, it was felt that it was not necessary to execute the inter se agreement in the presence of Executive Magistrate or Notary for availing credit by the SHGs from banks and through the issue of a circular, it was clarified that it is not necessary to. It would be sufficient if the same is signed by members of SHGs in the presence of an independent witness preferably from the Self Help Group Promoting Institution (SHPI).

Details	References
Circular	***NABARD Circular NO.NB.DPD.NFS/68/MCID/92(1)/98-99 dated 15 April 1998***
Web Link/s	Web Link Not Available
Note:	**As web link is not available, copy of the circular is annexed as Annexure Mf.2-3 at the end of this part**

Mc.14 - Flexibility in designing area specific and group specific loan packages

Under the SBLP banks began extending credit support to SHGs to a limited extent. However, to meet the expectations of the Ministry of Finance, GoI, coverage, both in terms of activities and number of groups financed, required to be enlarged.

Banks were to look at the programme not only as a mandate fulfillment but also as a business opportunity. Commercial Banks needed to design area specific and group specific loan packages taking into account *inter alia* the potential, local needs, available talent / skills etc. The managements of banks were advised to issue suitable guidelines to their controlling offices in this regard.

Details	References
Circular	***RPCD.PI. BC./12/04.09.22/9S-99 dated July 24,1998***
Web Link	***http://www.nabard.org/pdf/circ_rbi24071998.pdf***

Mc.15 - Flow of credit to the unorganised sector

An action plan to enhance the financial flows to unorganised sector has been prepared by the Banking Division of the Ministry of Finance, Government of India.

In the action plan, it has been proposed that in order to give a boost to the ongoing SBLP for credit flow to the unorganised sector, monitoring of SBLP be made a regular item on the agenda for discussions at the State Level Bankers' Committee (SLBC) and District Credit Committee (DCC) meetings.

Details	References
Circular	***RPCD.No.Plan.BC.61/04.09.22/2003-04 dated January 9, 2004***
Web Link	***http://www.nabard.org/pdf/circ_rbi09012004.pdf***

Mc.16 - SHG loans for housing & other consumption needs

In response to the announcement in the year's budget and also the micro credit work undertaken by some of the public sector banks, a circular was issued by RBI, on Micro Credit, wherein it was stated *inter alia* that such credit should cover not only consumption and production loans for various farm and non-farm activities of the SHGs (poor), but also should include their other credit needs such as housing & shelter improvements, and advised the banks to meet the entire credit requirement of SHG members.

Details	References
Circular	***RBI/2007-2008/282 RPCD. MFFI. BC.No.56 / 12.01.001/ 2007-08 dated April 15, 2008***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/84068.pdf***

Mc.17 - Financing of distressed urban poor

With a view to bringing in urban poor into formal financial system, it has been decided that banks may advance loans to distressed urban poor to consolidate their earlier debt commitments by prepaying their debt to non-institutional lenders, against appropriate collateral or group security, subject to the guidelines to be approved by their Boards of Directors.

Urban poor, for the above purpose, may include those families in the urban areas who are below the poverty line. Such loans to urban poor may be classified under weaker sections within the priority sector. However, such loans may be reported under a separate sub-head, "Loans to urban poor indebted to non-institutional lenders" under the broad head "Other Priority Sector" in the returns being submitted to the Bank.

Details	References
Circular	***RBI/2004/238 RPCD. Plan. BC. No. 45 /04.09.01/2004-05 dated October 26, 2004***
Web Link	***http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/58299.pdf***

Mc.18 - Cash credit limit – intensification of promotion of women SHGs in backward districts

The SBLP Model continues to be the predominant model in the Indian micro finance context with about 7.4 million SHGs, catering to about 100 million households linked with the formal banking system. Over the years, the SBLP has emerged as a viable model for financial inclusion of hitherto unreached poor households, particularly in rural areas. In this respect, Master Circular of RBI dated 1st July, 2011 provides basic approach for financing Self Help Groups (SHGs).

An analysis of the work done revealed challenges such as the promotion of SHGs, requiring the support of an organisation to continuously guide the members of the SHGs initially and then to link them up to the bank. It has been observed that banks were unable to provide undivided attention for the same and, therefore, there was a need for a separate support organisation.

It has also been observed that the staff of the banks needed to provide special hand-holding to the Groups and for that, they needed a special orientation and continuous skill up-gradation.

Due to this, there was a heavy transaction cost to the banks and the SHGs, by way of term loans and therefore, the concept of cash credit limit needed to be promoted.

Keeping the above in mind, a new framework for having a programme for intensifying the development of Women Self Help Groups (WSHGs) in rural areas of various backward districts of India was envisaged under the scheme.

This scheme is for promoting Women Self Help Groups in select districts of the country through identified NGOs / other support organisations. The scheme would be implemented through two bank branches, having Core Banking Solution (CBS) facility, in each block of the identified districts.

The Lead District Manager (LDM) in coordination with District Development Manager (DDM), NABARD and with the approval of District Level Consultative Committee (DLCC) will select the implementing branches, which may be from his own bank or that of any other Commercial Bank, RRB, LAB, Urban Cooperative Bank. The Banks will extend cash credit limit to SHGs as per the guidelines issued by Department of Financial Services.

Details	References
Circulars	***1) RBI/2011-12/82 RPCD. FID. BC.No.06/12.01.001/2011-12 dated July 1, 2011*** ***2) Department of Financial Services, MoF, GoI, F. No.3/6/2011-AC (Vol. II) dated 7th March, 2012***
Web Links	***http://financialservices.gov.in/banking/women%20SHG.pdf*** *http://www.rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=6531* ***http://financialservices.gov.in/banking/women%20SHG.pdf***

Mc.19 - Scheme for financing matured SHGs for farm production and investment activities

The objective of the scheme is to facilitate members of matured SHGs to meet their credit requirements for farm production and investment activities. However the scheme is not meant to be substituted for normal crop loans or agricultural loans given to individual borrowers. If the bank is satisfied that a significant portion of the loan sought by the matured SHGs is for agricultural or allied purposes, such loan sanctioned to matured SHGs may be treated as loan for "farm production".

Mc.19.1–Assessment of Credit quantum/Margin & Security Norms

Experience showed that group dynamics and peer pressure brought in excellent recovery from members of the SHGs – especially those which are matured and over 2-3 years of existence or those who have already availed bank loan for at least two cycles.

While the quantum of credit given to the group should be in proportion to the group corpus, as per operational guidelines of NABARD, the loan to matured SHGs, varying from a Savings to Loan ratio of 1:1 to 1:4 may be sanctioned as Savings Linked Loans by banks. Facility of loan exceeding the ratio of 1: 4 may also be considered, at the discretion of the bank but depending on the grading of the SHG concerned by the bank.

The flexibility allowed to the banks in respect of margin, security norms, etc. under the pilot project continues to be operational under the linkage programme even beyond the pilot phase.

Mc.19.2–Rate of Interest & Eligibility Criteria for refinance

The refinance from NABARD would be available on the same terms and conditions as is applicable to loans to SHGs.

Mc.19.3–Reporting Purposes / Activities in the Banks' Refinance Applications

In order to facilitate easy categorization of loans granted to matured SHGs, it has been decided that such loans may be categorized into two main purposes i.e. "Agriculture" and "Activities allied to Agriculture".

The activity column prescribed in the drawing application for refinance was withdrawn.

Details	References
Circulars	***1) NB. MCID / 1289/ SHG – 1 /(Policy) / 2006-07 Circular No. 175 / MCID 5 / 2006 dated 20 October 2006*** ***2) RBI/2012-13/87*** ***RPCD. FID. BC. No. 04 / 12.01.033/ 2012-13 July 02, 2012***
Web Links	***http://www.nabard.org/pdf/shg_farm_loan_clarifi_oct06.pdf*** ***http://www.rbi.org.in/commonman/Upload/English/Notification/PDFs/87MCSHB300612.pdf***

Mc.20 - Formats for assessing SHGs for bank finance

With more and more Government Agencies and NGOs (SHPIs) adopting the SHG concept in their programmes, proper selection of SHGs, which are mature enough for credit linkage, was felt to go a long way in ensuring the quality of loans.

The initial directions of NABARD indicated to the banks some broad criteria for selection of SHGs for the purpose of lending.

Based on these indicative criteria and on their own field level experience in promoting and financing of SHGs, certain banks had developed their own detailed but easy-to-use norms for identification of mature SHGs for credit linkage. Such norms were felt to be not only helpful in assessing the maturity level of SHGs in an objective manner, but also throw up weak areas of their functioning requiring urgent attention.

NABARD had circulated four sets of Assessing formats used by certain banks to assess the SHGs so as to facilitate other banks to develop similar formats across their SHG lending operations, along with its circular.

Details	References
Circular	***No. NB.mCID/H-1626/SHG-1/1999-2000 dated 28 February 2000***
Web Link	***http://www.nabard.org/pdf/circ_nb28022000.pdf***

Mc.21 - Monitoring SBLP in SLBC, DLCC & DCC meetings

All matters relating to providing credit facilities to SHGs, the progress made in the formation of SHGs and linkages with banks should be reported regularly under the Lead Bank Scheme (LBS) formats.

The progress of SBLP must be included in the agenda of SLBC, DLCC and DCC meetings convened.

Details	References
Circular	***RBI CIRCULAR RPCD.NO.LBS.BC.81/702.01.01/98-99 dated 10 March 1999***
Web Link/s	Web Link Not Available – even in RBI's Circular Archives
Note:	**Reference of this circular is mentioned in subsequent circulars of RBI connected to Microfinance.**

Mc.22 - Format for monitoring microcredit by NABARD & RBI

Banks were advised to submit half yearly progress reports under micro credit to NABARD and to RBI as at the end of March and September. This was also stated in the RBI's Master Circular. But it was observed from the reports received from some banks that the amounts outstanding under the SHG bank linkage programme were not included in the progress reports.

It was therefore reiterated that the reporting of progress under micro credit extended by banks **should be reported** to Micro Credit Innovations Department (MCID) of NABARD and to RBI on a half yearly basis as at the end of March and September of every year in the prescribed format.

Details	References
Circulars	***1) RPCD.No.PL.BC.62/04.09.01/99-2000 dated February 18, 2000*** ***2) RPCD.No.Plan.BC.21/04.09.22/2004-05 dated August 21, 2004.*** ***3) RBI / 385 / 2004-05 RPCD.No.Plan.BC. 84 /04.09.22/2004-05 dated March 03, 2005***
Web Links	***http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=127&Mode=0*** ***http://rbidocs.rbi.org.in/rdocs/notification/pdfs/55890.pdf*** ***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/61360.pdf***

Mc.23 - Revised formats for monitoring of micro credit

Banks have been submitting progress reports under micro credit to MCID of NABARD and RBI on a half-yearly basis in the format specified for the purpose.

However, with a view to capture certain additional information, it has been decided to revise the reporting format which has been designed and circulated. Henceforth, the progress under microfinance was required to be reported in the revised format only and as usual, on a half-yearly basis, as on 30 September and 31 March each year, to MCID of NABARD and RBI so as to reach them within 30 days of the half-year to which the report relates to.

Details	References
Circular	***RBI/2006-2007/441 RPCD.CO.MFFI.BC.No. 103 /12.01.01/2006-07 dated June 20, 2007***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/78141.pdf***

Mc.24 - Revisiting the SHG bank linkage programme

Characteristic features of SHGs and the norms for their linkage with banks were first enumerated in the guidelines of NABARD circular dated 26 February 1992. Two decades hence the SHG-Bank Linkage Programme (SHG-BLP) continues to be the mainstay of the Indian microFinance scene with 7.40 million SHGs covering over 1.0 billion households.

However, despite the unique characteristics of SHGs and noteworthy accomplishments, the following issues continued affecting the programme over the many areas;

- inadequate outreach in many regions,
- delays in opening of SHG bank accounts and disbursement of loans,
- impounding of savings by banks as collateral,

- non-approval of repeat loans even when the first loans were repaid promptly,
- multiple membership and borrowings by SHG members within & outside SHGs and
- limited banker interface and monitoring.

So a revisit to SHG-Bank Linkage Programme was undertaken and the circular suggested new methods for improving and up-scaling of the programme. The circular explained many factors including viz., allowing voluntary savings, modifications in credit products, enabling JLGs within SHGs, improving risk mitigation systems, building second tier of institutions, strengthening the monitoring system, training requirements etc.

Details	References
Circular	***NB.MCID/1563/SHG-1(Policy)/ 2011-12 Circular No: 65(A)/ MCID-04 / 2011-12 dated 27 March 2012***
Web Link	***https://www.nabard.org/pdf/SHG2_circular.PDF***

Mc.25 - Guidelines to finance Joint Liability Groups (JLGs)

In a bid to further reduce collateral risks of micro credit an experiment of Joint Liability Group (JLG) concept was tried out.

The borrowers form a group among themselves as a Joint Liability Group and voluntarily agree to share the Liability of the Group and thus the risk too. Though one person is appointed as a leader, the responsibility of the loan/s availed will be shared by each and every member of the JLG.

If any member in the group defaults payment the other members of the group need to make good the deficit amount and ensure payment. The concept helps the lending agency be it a bank or a MFI in reducing the default risk.

NABARD had pilot tested the concept of financing members of JLGs through select banks in a few states. Based on the experience gained, and as per Union Budget 2006-07 pronouncements, a separate scheme for financing JLGs of tenant farmers, has been formulated by NABARD for Commercial Banks, State Cooperative Banks and Regional Rural Banks.

The guidelines have been cleared by RBI. Salient features of the scheme:

Mc.25.1 - Objectives

The scheme aims at the following objectives.

i) To augment the flow of credit to tenant farmers cultivating land either as oral lessees or sharecroppers and small farmers who do not have proper title of their land holding through formation and financing of JLGs
ii) To extend collateral free loans to target clients through JLG mechanism
iii) To build mutual trust and confidence between banks and tenant farmers

Mc.25.2 – General features of JLGs

A Joint Liability Group (JLG) is an informal group comprising preferably of 4 to 10 individuals coming together for the purposes of availing financial support through loans either from banks or other legitimate financial institutions either singly or through the group mechanism against a mutual guarantee. The JLG members would offer a joint undertaking to the bank / financial institution that enables them avail loans. The JLG members are expected to engage in similar type of economic activities like, say, crop production. The management of the JLG is to be kept simple with little or no financial administration within the group.

Mc.25.3 – Criteria for selection of JLG members

JLGs can be formed primarily consisting of tenant farmers and small farmers cultivating land without possessing proper title of their land.

- The members should be residing in the same village / area and should know and trust each other well enough to take up joint liability for group / individual loans.
- JLGs should not be formed with members of the same family and more than one person from the same family should not be included in the JLG.
- Members should be of similar socio economic status and background, carrying out farming activities and who agree to function as a joint liability group.
- The groups must be organised by the likeminded farmers and not imposed by the bank or others.
- The members should be engaged in agricultural activity for a continuous period of not less than 1 year within the area of operations of the bank branch.
- The group members should not be defaulters to any other formal financial institution.
- There is a need for a very active member of the group to ensure leadership role and ensure the activities of the JLG. The selection of a good / able / active leader for the JLG is an essential need which will ultimately benefit all the JLG members. However,

care should be taken to ensure that *'be nami'* (fictitious / unknown 3rd party) loans are not cornered by the group leader.

Mc.25.4 – Size of the JLGs

The group should be formed preferably with 4 to 10 members to enable the group members to offer mutual guarantee. While informal groups of upto 20 members could also be considered, such large groups are found to be not effective in fulfilling mutual guarantee obligations in the case of farmers. Therefore, smaller groups of farmers (4-10 members) are recommended for effective functioning of a JLG.

Mc.25.5 – Savings by JLGs

The JLG is primarily intended to be a credit group. Therefore, savings by the JLG members is voluntary. All the JLG members may be encouraged to open an individual "no frills" account. However, if the JLG chooses to undertake savings as well as credit operations through the group mechanism, such groups should open a savings account in the name of JLG with at least two members being authorised to operate the account on behalf of the group.

Mc.25.6 – JLG Models

Banks can finance JLGs by adopting any of the two models.

Model A – Financing Individuals in the Group:

The JLG would normally consist of 4 to 10 individuals. The group would be eligible for accessing separate individual loans from the financing bank. All members would jointly execute one *inter-se*' document (making each one jointly and severally liable for repayment of all loans taken by all individuals in the group). The financing bank could assess the credit requirement, depending on the crops to be cultivated, available cultivable land and credit absorption capacity of the individual. However, there has to be a mutual agreement and consensus among all members about the amount of individual debt liability that will be created.

Model B – Financing the Group:

The JLG would consist preferably of 4 to 10 individuals and function as one borrowing unit. The group would be eligible for accessing one loan, which could be combined credit requirement of all its members. The credit assessment of the group could be based on the available cultivable area by each member of the JLG. All members would jointly execute the document and own the debt liability jointly and severally.

Mc.25.7 – Purposes of Credit for JLGs & Loan product details

Financing to JLGs is expected to be a flexible credit product, addressing the credit requirements of its members - including crop production, consumption, marketing and other productive purposes.

Types of loans:

Banks may consider cash credit, short-term loan or term loan depending upon the purpose of loan.

Loan Limits:

Considering that the loan to be granted is against the mutual guarantee offered by the Joint Liability Group, maximum amount of loan may be restricted to Rs. 50,000 per individual under both Models A & B.

Rate of interest:

Banks may decide the rate of interest to be charged to JLGs. However, banks may consider providing incentives for prompt repayment to JLGs, as applicable.

Margin and Security Norms:

No collateral may be insisted upon by the banks against their loans to JLGs. It may however, be ensured that the mutual guarantees offered by the JLG members are valid and kept on record. Margins as per the usual norms may be applied.

Credit to JLGs to form normal business activity under Priority Sector:

As the programme is intended to benefit farmers cultivating lands who may not have adequate collateral to offer for availing formal loans in their individual capacity, lending to JLGs may be treated as direct agricultural advances under priority sector advances segment. Banks may include lending to JLGs in their corporate plan and also make it a part of the training schedule of officers / staff members of the banks concerned.

Details	References
Circular	***NB/mCID/875/Innov.JLG/ 2006-07 Circular. No./151 / MCID 4 /2006 dated 07 September 2006***
Web Link	***http://www.nabard.org/pdf/iba.pdf***

Mc.26 - Promotional grants to banks for forming, nurturing and financing JLGs

During 2009, it was observed that despite the increasing credit flow to the agricultural sector at the aggregate level, serious concern has been expressed in various quarters that the number of agricultural loan accounts with the banking sector has not been keeping pace, but has actually stagnated and at times has even decreased in many States. This symptom, coupled with the increasing average loan size per loan account, directly pointed out to inadequate credit access / flow to small, marginal and tenant farmers, who constituted 82% of the farmers in the country. In order to contain the increasing transaction costs while dealing with larger number of small value accounts, the group mode of financing was suggested, and policy and operational guidelines for financing of JLGs of small, marginal, tenant and oral lessee farmers as well as sharecroppers were issued by NABARD.

Under the revised scheme, NABARD decided to provide some incentives to banks by way of promotional grants, on an annual basis for the first three years, for forming, nurturing and financing JLGs.

Banks may, at their discretion, use the services of suitable agencies for undertaking the above interventions which are in the nature of activities under the Business Facilitators model. NABARD would also extend need-based promotional support training, exposure visits, experience sharing, etc for banks' staff.

Details	References
Circular	***1) No. NB/mCID/875/Innov.JLG/ 2006-07. Circular. No./151 / MCID 4 /2006 dated 07 September 2006 □*** ***2) NB.MCID/ 865 /Innov.JLG/2009-10dated Circular No./ 169 /MCID- 05 /2009 dated 23 October 2009***
Web Link	***http://oldsite.nabard.org/pdf/circ_nb070906.pdf*** ***http://slbckarnataka.in/userfiles/NABARD/External%20circulars/Mcid%20865%2023%20october%202009.pdf***

Mc.27 - Financing of JLGs in non-farm sector

In recognition of JLGs pursuing non-farm activities in various parts of the country, as revealed from the studies conducted by NABARD, and in order to enhance opportunities for livelihoods in terms of income and employment, a separate scheme was formulated for financing JLGs in the Rural Non-Farm Sector.

The circular describes the detailed operational guidelines on:

a. Scope of activities
b. Criteria for membership
c. Selection of JLG
d. Training and capacity building support from NABARD
e. Two models of JLG
f. Credit appraisal
g. Promotional support from NABARD

Details	References
Circular	***NB.MCID/ 1063 /Innov.JLG/2009-10 Circular No.203 /MCID - 10 /2009 dated 03 December 2009***
Web Link	***https://www.nabard.org/pdf/WEB%20Eng%20Newsletter%20December%202009.pdf***

Mc.28 - Flexibility in fixing interest rates

Micro Credit Organisations are institutions which spur savings though thrift and provide credit of small amounts and other financial services mainly to the poor in rural areas. It was decided that the rates of interest charged by the banks to micro credit organizations should be left free to be decided by the lending bank as per normal policy and should not be linked to the interest rate ceiling applicable to direct small loans to individual borrowers.

Interest rates applicable to loans given by banks to micro credit organizations or by micro credit organizations to SHGs / member beneficiaries will be left to their discretion (until changed in the later part of the first decade of the new millennium). The underlying idea for the above relaxation is to ensure greater flow of credit to the schemes being implemented by micro credit organizations. Banks were advised to include flow of micro credit in their corporate strategy / plan.

Details	References
Circular/s	***1) RPCD.NO.PLAN BC/94/04.09.01/98-99 dated 24 April 1999*** ***2) RPCD.PL.BC.28. 04.09.22/99-2000 dated September 30, 1999***
Web Link	***http://www.nabard.org/pdf/circ_rbi30091999.pdf***

Mc.29 - Flexibility of evolving bank's own lending models

A Task Force on Supportive Policy and Regulatory Framework for Micro Credit was set up by NABARD. On the basis of their recommendations, banks were advised to follow the under noted guidelines for mainstreaming micro credit and enhancing the outreach of micro credit providers:

(i) The banks may formulate their own model(s) or choose any conduit / intermediary for extending micro credit. They may choose suitable branches / pockets / areas where micro credit programs can be implemented. It will be useful to start with a selected small area and concentrate fully on the poor in that area and thereafter with the experience gained replicate the arrangement in other selected areas. Micro Credit extended by banks to individual borrowers directly or through any intermediary would be reckoned as part of their priority sector lending.

(ii) The criteria for selection of micro credit organizations were not prescribed. It was, however, desirable for banks to deal with micro credit organizations having proper credentials, track record, system of maintaining accounts and records with regular audits in place and manpower for closer supervision and follow-up.

(iii) Banks could prescribe their own lending norms keeping in view the ground realities. They could devise appropriate loan and savings products and the related terms and conditions including the size of the loan, unit cost, unit size, maturity period, grace period, margins, etc. The intention was to provide maximum flexibility in regard to micro lending, keeping in view the prevalent local conditions and the need for provision of finance to the poor. Such credit should, therefore, cover not only consumption and production loans for various farm and non-farm activities of the poor but also include their other credit needs such as housing and shelter improvements.

Details	References
Circular	***RBI/2007-08/38 RPCD. MFFI. BC.No.08 / 12.01.001/ 2007-08 dated July 2, 2007***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/78397.pdf***

Mc.30 - Inclusion of micro credit in banks' corporate and branch credit plans

As mentioned in section Mf.2.27, it was decided that Micro credit should be included in Branch Credit Plan, Block Credit Plan and State Credit Plan of each bank. While no target was prescribed for micro credit, it was made clear that utmost priority was to be accorded to the micro credit sector in preparation of these plans.

It was that Micro credit should also form an integral part of the banks' corporate credit plans and should be reviewed at the highest level on a quarterly basis.

A simple system requiring minimum procedures and documentation was a pre-condition for augmenting flow of micro credit. Hence, banks were to strive for removing all operational irritants and make arrangements to expeditiously sanction and disburse micro credit by delegating adequate sanctioning powers to branch managers. The loan application forms, procedures and documents were to be made simple which would help in providing prompt and hassle-free micro credit.

Details	References
Circular	***RBI/2007-08/38 RPCD. MFFI. BC.No.08 / 12.01.001/ 2007-08 dated July 2, 2007***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/78397.pdf***

Mc.31 - Bank loans to MFIs – Priority Sector Status

It was decided that Reserve Bank of India would regulate microfinance as a separate category. In this connection, RBI advised that bank credit to Micro Finance Institutions extended on or after April 1, 2011 for on-lending to individuals and also to members of SHGs / JLGs will be eligible for categorization as priority sector advances under the respective categories viz., agriculture, micro and small enterprise, and micro credit (for other purposes), as indirect finance, provided that not less than 85% of total assets of MFI (other than cash, balances with banks and financial institutions, government securities and money market instruments) are in the nature of "qualifying assets". In addition, aggregate amount of loans, extended for income generating activity, is not less than 75% of the total loans given by MFIs.

While the onus of compliance related to NBFC-MFIs was on the NBFC-MFIs, it placed responsibility on the banks to ensure compliance and amongst many other guidelines. To be able to classify the loans given by bank to MFIs as indirect priority sector loans, the banks were to obtain from the MFIs, at the end of each quarter, a Chartered Accountant's Certificate stating, inter-alia, that

i) 85% of total assets of the MFI are in the nature of "qualifying assets'',

ii) the aggregate amount of loan, extended for income generation activity, is not less than 75% of the total loans given by the MFIs, and

(iii) pricing guidelines were followed.

Details	References
Circular	***RBI/2010-11/505 RPCD.CO.Plan BC. 66 /04.09.01/2010-11 dated May 3, 2011***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/CIMAC030511.pdf***

Mc.32 - Exemption of registration with RBI for Sec. 25 Companies

In the backdrop of the need for a suitable national policy framework for implementation of many credit linked poverty alleviation programmes to meet the needs of asset-less poor, a High Powered Working Group on Micro Financing in India was constituted by NABARD to recommend a policy framework for sustainable growth of micro finance in the country with participation of Community Based Organisations (CBOs) at the grass root level. The Task Force submitted its Report on October 18, 1999.

The Working Group had recommended that the policy and regulatory framework should give a fillip to the Self Help Groups (SHGs) or Non-Governmental Organisations (NGOs) engaged in micro-financing activities. Accordingly, it has been decided to exempt such NBFCs which are engaged in;

(i) micro financing activities,

(ii) licensed under Section 25 of the Companies Act, 1956 and

(iii) which are not accepting public deposits from the purview of Sections 45-IA (registration), 45-IB (maintenance of liquid assets) and 45-IC (transfer of profits to Reserve Fund) of RBI Act, 1934.

Details	References
Circular	***DNBS.(PD).CC.No. 12 /02.01/99-2000 dated January 13, 2000.***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/14935.pdf***

Mc.33 - Setting up of Micro Credit Special Cell

Recognizing the importance of Micro Credit Institutions and Self-Help Groups (SHG) as important vehicles for delivery of credit to self-employed persons, particularly women in rural and semi-urban areas, RBI, therefore, attached particular importance to the work of NABARD and public sector banks in this area.

Hence a special cell, manned by a senior officer from the commercial banking sector with practical experience in this area, was set up in RBI in order to liaise with NABARD and micro-credit institutions for augmenting the flow of credit to this sector.

Some of the important guidelines that RBI advised banks to follow for mainstreaming micro credit and enhancing the outreach of micro credit providers included:

(i) Interest rates applicable to loans given by banks to micro credit organisations or by the micro credit organisations to Self-Help Groups / Member Beneficiaries was left to their discretion. The interest rate ceiling applicable to direct small loans given by banks to individual borrowers, however, continued to remain in force.

(ii) The banks may formulate their own model(s) or choose any conduit / intermediary for extending micro credit. Micro Credit extended by banks to individual borrowers directly or through any intermediary would be reckoned as part of their priority sector lending.

(iii) The criteria for selection of micro credit organisations were not prescribed. It was, however, desirable for the banks to deal with micro credit organisations having proper credentials, track record, system of maintaining accounts and records with regular audits in place and manpower for closer supervision and follow-up.

(iv) Banks may prescribe their own lending norms keeping in view the ground realities. They may devise appropriate loan and savings products and the related terms and conditions including the size of the loan, unit cost, unit size, maturity period, grace period, margins, etc. The intention was to provide maximum flexibility in regard to micro lending keeping in view the prevalent local conditions and the need for provision of finance to the poor. Such credit should, therefore, cover not only consumption and production loans for various farm and non-farm activities of the poor but also include their other credit needs such as housing and shelter improvements.

(v) Micro credit should henceforth be included in branch credit plan, block credit plan, district credit plan and state credit plan of each bank. While no target is being prescribed for micro credit, utmost priority should be accorded to the micro credit sector in preparation of these plans. Micro credit should also form an integral part of the bank's corporate credit plan and should be reviewed at the highest level on a quarterly basis.

(vi) A simple system requiring minimum procedures and documentation is a precondition for augmenting flow of micro credit. Hence banks were to strive to remove all operational irritants and make arrangements to expeditiously sanction and disburse micro credit by delegating adequate sanctioning powers to branch managers. The loan application forms, procedures and documents were to be made simple. It would help in providing prompt and hassle-free micro credit.

Details	References
Circular	***RPCD.NO.PL.BC. 62 /04.09.01/99-2000 dated February 18, 2000***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/11680.pdf***

Mc.34 - Further encouragement to microfinance

During October 2002, RBI had constituted four informal groups to examine various issues concerning micro-finance delivery. On the basis of the recommendations of the groups and as announced in the RBI Governor's Statement on mid-term Review of the Monetary and Credit Policy for the year 2003-04, it was proposed that:

I. Banks should provide adequate incentives to their branches in financing the SHGs and establish linkages with them, making the procedures absolutely simple and easy while providing for total flexibility in such procedures to suit local conditions.

II. The group dynamics of working of the SHGs may be left to themselves and need neither be regulated nor formal structures imposed or insisted upon.

III. The approach to micro-financing of SHGs should be totally hassle-free and may include consumption expenditures.

Details	References
Circular	***RPCD.No. Plan.BC.42 /04.09.22/2003-04 dated November 3, 2003***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/40040.pdf***

Mc.35 - ECB for NGOs engaged in Microfinance under automatic route

As a follow-up to the announcement made in the Union Budget for 2005-06 regarding access to External Commercial Borrowing (ECB) by qualified NGOs engaged in micro finance activities to give further encouragement to the microfinance sector, RBI had decided that NGOs engaged in micro finance activities may be permitted to raise ECB up to US $ 5 million during a financial year for permitted end-use, under Automatic Route with necessary safeguards.

Some of the safeguards prescribed were:

Eligible Borrower:

NGOs engaged in micro finance activities would be eligible to avail ECB. Such NGO (i) should have a satisfactory borrowing relationship for at least 3 years with a scheduled commercial bank authorized to deal in foreign exchange and (ii) would require a certificate of due diligence on `fit and proper' status of the board/committee of management of the borrowing entity from the designated Authorized Dealer (AD).

Permitted End-use:

The designated AD must ensure that the ECB proceeds are utilised for lending to self-help groups or for micro-credit or for *bonafide* micro finance activity including capacity building.

Recognized Lender:

ECB funds should be routed through normal banking channel. ECB from following internationally recognized sources i.e.

(i) international banks,

(ii) multilateral financial institutions,

(iii) export credit agencies may be availed.

Furthermore, overseas organisations and individuals complying with safeguards spelt out in the circular may extend ECB.

Details	References
Circular	***RBI/2004-05/434A.P.(DIR Series) Circular No. 40 dated April 25, 2005***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/62546.pdf***

MC.36 - ECB under automatic route – extension of scope of eligible institutions and limits of amounts

Considering the specific needs of the micro finance sector, the then existing ECB policy was reviewed in consultation with the Government of India and it was decided that hence forth MFIs may be permitted to raise ECB up to US $ 10 million or equivalent during a financial year for permitted end-uses, under the Automatic Route. A circular was issued detailing the guidelines on ECB for MFIs specifying necessary safeguards along with.
Key guidelines are:

Eligible Borrower:

The following MFIs engaged in micro finance activities shall be considered as eligible borrowers to avail of ECBs:-

- MFIs registered under the Societies Registration Act, 1860;

- MFIs registered under Indian Trust Act, 1882;
- MFIs registered either under the conventional state-level cooperative acts, the national level multi-state cooperative legislation or under the new state-level mutually aided cooperative acts (MACS Act) and **not** being a co-operative bank;
- Non-Banking Financial Companies (NBFCs) categorized as 'Non **Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs)** and complying with the norms prescribed as per circular DNBS.CC.PD.No. 250/03.10.01/2011-12 dated December 02, 2011; and
- Companies registered under Section 25 of the Companies Act, 1956 and involved in micro finance activity.

Recognized lenders:

ECB funds should be routed through normal banking channels. **NBFC-MFIs** will be permitted to avail of ECBs from multilateral institutions, such as Asian Development Bank (ADB), International Finance Corporation (IFC) etc. / regional financial institutions / international banks / foreign equity holders and overseas organizations.

Companies registered under Section 25 of the Companies Act and engaged in micro finance will be permitted to avail of ECBs from international banks, multilateral financial institutions, export credit agencies, foreign equity holders, overseas organizations and individuals. Other MFIs will be permitted to avail of ECBs from international banks, multilateral financial institutions, export credit agencies, overseas organizations and individuals.

Overseas organizations and individuals complying with safeguards set out in the circular may lend ECB

Permitted End Use:

The designated Authorised Dealer (AD) Bank must ensure that the ECB proceeds are utilised for lending to self-help groups or for micro-credit or for bonafide micro finance activity including capacity building.

Amount of ECB:

With a view to ensure minimization of systemic risk, the maximum amount of foreign currency borrowings of a borrower is capped at USD 10 million during a financial year. It has also been decided that Non-Government Organisations (NGOs) engaged in micro finance activities can avail of ECB up to US S 10 million or equivalent per financial year under the automatic route as against the present limit of US $ 5 million or equivalent per financial year.

All other conditions as detailed in RBI's circular A.P. (DIR Series) Circular No. 40 dated April 25, 2005 remained unchanged.

Details	References
Circular/s	***1) RBI/2004-05/434 A.P. (DIR Series) Circular No. 40 dated April 25, 2005 2) RBI/2011-12/290 DNBS.CC.PD.No. 250/03.10.01/2011-12 dated December 02, 2011 3) RBI/2011-12/304 A.P. (DIR Series) Circular No. 59 dated December 19, 2011***
Web Link/s	***http://rbi.org.in/scripts/NotificationUser.aspx?Id=2212&Mode=0*** ***http://rbi.org.in/scripts/NotificationUser.aspx?Id=6857&Mode=0*** ***http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/59APDMFI191211.pdf***

Mc.37 – Introduction of NBFC-MFI as a new category

A Sub-Committee of the Central Board of RBI under the Chairmanship of Shri Y. H. Malegam was constituted to study issues and concerns in the MFI sector. The Committee submitted its report in January 2011. In the Monetary Policy Statement 2011-12, it was announced that the broad framework of regulations recommended by the Committee has been accepted by the Bank. Accordingly, it has been decided to create a separate category of NBFCs viz., Non Banking Financial Company-Micro Finance Institution (NBFC-MFI).

Details	References
Circular	***RBI/2011-12/290 DNBS.CC.PD.No. 250/03.10.01/2011-12 dated December 02, 2011***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/CC250021211.pdf***

Mc.38 - Modifications in directions for NBFC-MFIS

In view of the representation made by NBFC-MFIs conveying difficulties in complying with the framework, RBI had decided to make certain modifications in the Directions issued on December 2, 2011. Salient features of the revised directions are:

- Timeline for Maintenance of Net Owned Funds (NOF) allowed in a staggered manner i.e. @ Rs.3 crores by March 31, 2013 and Rs.5 crore by March 31, 2014.
- In order to provide encouragement to NBFCs operating in North Eastern Region, the minimum NOF is to be maintained at Rs.1 crore by March 31, 2012 and at Rs.2 crore by March 31, 2014.
- All new companies desiring NBFC-MFI registration will need a minimum NOF of Rs.5 crore except those in the North Eastern Region of the country which will require NOF of Rs.2 crore till further notice, as hitherto and would comply, from the beginning, with all other criteria laid out in the following paragraphs.

- NBFC-MFIs are required to maintain not less than 85 per cent of their net assets as Qualifying Assets. In view of the problems being faced by NBFCs in complying with this criterion on account of their existing portfolio, it has been decided that only the assets originated on or after January 1, 2012 will have to comply with the Qualifying Assets criteria. As a special dispensation, the existing assets as on January 1, 2012 will be reckoned towards meeting both the Qualifying Assets criterion as well as the Total Net Assets criterion. These assets will be allowed to run off on maturity and cannot be renewed.
- NBFC-MFIs were also required to ensure that the aggregate amount of loans given for income generation is not less than 75 per cent of the total loans extended. On reconsideration, as the target clientele is predominantly at the subsistence level and basic human requirements stand to gain priority over income generation activities, it has been decided that income generation activities should constitute at least 70 per cent of the total loans of the MFI so that the remaining 30 per cent can be for other purposes such as housing repairs, education, medical and other emergencies.
- It is clarified that a borrower can be the member of only one SHG or one JLG or borrows as an individual. S/he can thus borrow from NBFC-MFIs as a member of a SHG or a member of a JLG or borrow in her / his individual capacity. However, a SHG or JLG or individual cannot borrow from more than 2 MFIs. Lending NBFC-MFIs will have to ensure that the above conditions are strictly complied with.
- Lending MFIs will have to ensure compliance with, among others, conditions relating to annual household income levels (Rs. 60,000/- for rural and Rs. 1,20,000/- for urban and semi urban households), total indebtedness (not to exceed Rs. 50,000/-), membership of SHG/JLG, borrowing sources (as stipulated in point 4 above) as well as percentage of qualifying assets and percentage of income generating asset (as stipulated in point 3 above.)
- Membership of Credit Information Companies (CIC) will facilitate ensuring compliance with many of these conditions. Accordingly it is reiterated that every NBFC-MFI has to be a member of at least one CIC established under the CIC Regulation Act 2005, provide timely and accurate data to the CICs and use the data available with them to ensure compliance with the conditions regarding membership of SHG/ JLG, level of indebtedness and sources of borrowing. While the quality and coverage of data with CICs will take some time to become robust, the NBFC-MFIs may rely on self certification

from the borrowers and their own local enquiries on these aspects as well as the annual household income.

- As per the Malegam Committee recommendations, the interest rate cap on loans given by MFIs has been fixed at 26 per cent, under guidelines issued on December 2, 2011. However, since borrowing costs are dynamic and may exceed the costs envisaged when the Committee recommendations were made, it may be difficult for MFIs which are borrowing at rates higher than envisaged at that time to operate along viable lines, if interest rate is capped at 26 per cent. Therefore, to allow for operational flexibility, NBFC-MFIs will ensure that the average interest rate on loans during a financial year does not exceed the average borrowing cost during that financial year plus the margin, within the prescribed cap. Moreover, while the rate of interest on individual loans may exceed 26%, the maximum variance permitted for individual loans between the minimum and maximum interest rate cannot exceed 4 per cent. The average interest paid on borrowings and charged by the MFI are to be calculated on average monthly balances of outstanding borrowings and loan portfolio respectively.
- It has also been decided that the cap on margins as defined by Malegam Committee may not exceed 10 per cent for large MFIs (loans portfolios exceeding Rs.100 crore) and 12 per cent for the others. This measure will ensure that in a low cost environment, the ultimate borrower will benefit, while in a rising interest rate environment the lending NBFC-MFIs will have sufficient leeway to operate on viable lines. The figures may be certified annually by Statutory Auditors and also disclosed in the Balance Sheet.
- In view of the problems faced by MFIs in Andhra Pradesh many of them have had to provide sizeable amounts towards the non-performing assets in the state. To reflect the true and fair picture of the financials of the NBFC-MFI in the Balance Sheet, the provisioning made towards the AP portfolio should be as per the current provisioning norms. However, for the calculation of Capital to risk (weighted) Assets Ratio (CRAR), the provisioning made towards AP portfolio shall be notionally reckoned as part of NOF and there shall be progressive reduction in such recognition of the provisions for AP portfolio equally over a period of 5 years. Accordingly 100 per cent of the provision made for the AP portfolio as on March 31, 2013 would be added back notionally to NOF for CRAR purposes as on that date. This add-back would be progressively reduced by 20 per cent each year i.e. up to March 2017. No write-back or phased provisioning is permissible. Provisioning for the non-AP portfolio will be as per the December 2, 2011

circular, with effect from April 1, 2013. Capital adequacy on non-AP portfolio and the notional AP portfolio (outstanding as on the balance sheet date less the provision on this portfolio not notionally added back) will have to be maintained at 15 per cent of the risk weighted assets.

- NBFC-MFIs may approach their Boards for fixing internal exposure limits to avoid any undesirable concentration in specific geographical locations.
- All elements of the Fair Practices Code issued by the Bank vide DNBS.PD.CC.No.286/03.10.042/2012-13 dated July 2, 2012 will need to be adhered to by the MFIs. NBFC-MFIs must also ensure that greater resources are devoted to professional inputs in the formation of SHG/ JLG and appropriate training and skill development activities for capacity building and empowerment after formation of the groups.
- The Malegam Committee has recommended greater responsibility to be placed on industry associations for monitoring of regulatory compliance. All NBFC-MFIs will have to become member of at least one Self-Regulatory Organization (SRO) which is recognized by the Reserve Bank and will also have to comply with the Code of Conduct prescribed by the SRO.

Details	References
Circular	***1) RBI/2012-13/27 DNBS (PD) CC No.286/03.10.042/2012-13 dated July 2, 2012*** ***2) RBI/2012-13/161 DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 03, 2012***
Web Link	***http://rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=7388*** ***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/CCNOI030812FM.pdf***

Mc.39 - Guidelines on Self Regulatory Organisation (SRO) for NBFC-MFIs

To give effect to the recommendation of the Sub-Committee on formation of industry associations, to ensure effective monitoring of the functioning of NBFC-MFIs, their compliance with the regulations and code of conduct and in the best interest of the customers of the NBFC-MFIs, RBI has decided to accord recognition to industry associations as SRO of NBFC-MFIs. The membership of NBFC-MFIs in the industry association / SRO will be seen by the trade, borrowers and lenders as a mark of confidence and removal from membership will be seen as having an adverse impact on the reputation of such removed NBFC-MFIs. While membership to the SRO is not mandatory, NBFC-MFIs are encouraged to voluntarily become members of at least one SRO.

Details	References
Circular	***Press Release ref:*** **2013-2014/1066** ***dated 26th November, 2013, on Self Regulatory Organization (SRO) for NBFC-MFI***
Web Link	***http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=30052***

Mc.40 - Guidelines on fair practice code for NBFC-MFIs

RBI issued guidelines on Fair Practices Code (FPC) for all NBFCs to be adopted by them while doing lending business. The guidelines covered the general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method.

A review of the guidelines was made in view of the creation of a new category of NBFCs viz., NBFC-MFIs and also due to the rapid growth in NBFCs' lending against gold jewellery. The revised guidelines were issued under Section 45 L of the Reserve Bank of India Act, 1934 (Act 2 of 1934) and of all the powers enabling it in this behalf, in supersession of the earlier guidelines issued in September 2006.

The NBFCs needed to note and make suitable amendments in their existing FPC. The FPC so modified were to be put in place by all NBFCs with the approval of their Boards within one month from the date of issue of the latest guidelines and should be published and disseminated on the web-site of the company, if any, for the information of the public. In addition to the general principles as above, NBFC-MFIs were to adopt fair practices that are specific to their lending business and regulatory framework.

Details	References
Circular	***RBI/2011-12/470 DNBS.CC.PD.No.266 /03.10.01/2011-12 dated March 26, 2012***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/CFPCR260312.pdf***

Mc.41 - Extension of time for MFIS in provisioning norms

After the introduction of the new category NBFC-MFIs taking into account the difficulties faced by the MFI sector and the representation received by the Bank from them, it has been decided to defer the implementation of asset classification and provisioning norms for NBFC-MFIs to April 01, 2013. NBFC-MFIs were, however, required to comply with the other regulations laid down.

Details	References
Circular	***RBI/2011-12/463 DNBS.PD/ CC.No.263 / 03.10.038 /2011-12 dated March 20, 2012***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/CNBFCM200312.pdf***

Mc.42 - Extension of the SBLP pilot to Cooperatives

It was decided to extend the SBLProgramme, in principle, to the cooperative banks also. Co-operatives were advised to prepare proposals for the linkage keeping in view the Co-operative provisions of the Act, Bye-Laws, and Rules etc. prevailing in the States. The proposals prepared on the linkage project to be forwarded to NABARD for consideration and approval.

Details	References
Circular	***NB.DPD.SHG.618/92A/93-94 Circular No. DPOD14/93dated 29 May 1993***
Web Link	***http://www.nabard.org/pdf/circ_nb29051993.pdf***

Mc.43 - Extension of the SBLP to Cooperatives

After the Pilot Project for linking banks with the SHGs launched in 1992 proved to be very successful, the Pilot Project was extended Cooperative sector also. Accordingly, the Working Group set up by RBI to review the programme felt that the cooperatives can use the mechanism of SHGs to increase their outreach to the un-served rural people.

Co-operatives were advised to take appropriate steps of amending their Co-operative Acts, Bye-Laws, Rules etc. so as to have enabling provision/s for enrolment and financing of SHGs by them. Through this adviser NABARD also issued detailed guidelines to the Cooperative sector, covering salient features of the SHG-bank linkage

Programme and with this an attempt was made to bring the SHGs within the cooperative fold as well.

Details	References
Circular	***NB. DPD.NFS/CDID/1330/92-A/96-97 Circular No. DPD-NFS/36/96-97 dated 07 October 1996***
Web Link	***http://www.nabard.org/pdf/circ_nb07101996.pdf***

Mc.44 - Bank finance to Cooperative Societies

The commercial banks were advised to identify cooperatives societies who are registered with commercial banks as user-members to obtain funding from them, and extend assistance for financing SHGs depending on their bankability.

Details	References
Circular	***RPCD.NB.BC.68/03.03.34/99-2000 dated March 10, 2000***
Web Link	Web Link Not Available
Note:	**As web link is not available, copy of the circular is annexed as Annexure Mf.2-4 at the end of this part**

Mc.45 - Procedure for 'Drawal' of refinance for pilot project of linking banks with SHGs

Guidelines were issued describing the procedure for drawal of refinance by the banks for loans given under the pilot project to SHGs. Formats for drawal of refinance, format for giving details of loan given to SHGs, format for sanction letter for release of refinance, etc. were forwarded to Commercial Banks to enable them draw refinance.

Details	References
Circular	***NB. DPD. FS / 940 /IDA.33/2000-01 dated 25 June 1992***
Web Link	***http://www.nabard.org/pdf/circ_nb25061992.pdf***

Mc.46 - Revisions in the format for drawal of refinance

Lending to SHGs / NGOs for on-lending was proposed to be treated as normal lending activity of the banks. NABARD had since reviewed the drawal application format for refinance under the above project and it was decided to effect suitable modifications to have certain additional information on the working of those SHGs financed by the banks. The modified formats of drawal application (Annexures II and III revised) were communicated through a circular.

Details	References
Circular	***NB.DPD.NFS/1240/CDID/92-A/96-97 Circular No.DPD-NFS/33/96-97 dated 01 October 1996***
Web Link	***http://www.nabard.org/pdf/circ_nb01101996.pdf***

Mc.47 - Concessional interest rate by NABARD as a promotional measure

To facilitate more reach to the SHGs and to help banks on refinancing, NABARD prescribed the rates of interest on NABARD refinance to be charged for different agencies. NABARD decided to extend 100% refinance at a concessional rate of 6.5% as a promotional measure.

Details	References
Circular	***NB.MCID/H-147/SHG1(GEN)/98-99 dated 26 June 1999***
Web Link/s	Web Link Not Available
Note:	**As web link is not available, copy of the circular is annexed as Annexure Mf.2-5**

Mc.48 - Revision in interest rate on SHG advances & NABARD refinance

Since NABARD's directions in June, 1999 on promotional rates of interest on refinance, the rates of interest on refinance have been reviewed in the year 2000 in the context of the then current interest rate regime and the interest rate was since at 8.5%. The revised rates of interest were to be applicable to the disbursements made by NABARD on or after 01 May 2000.

Details	References
Circular	***DPD.FS/H-57/IDA.33 dated 25 April 2000***
Web Link/s	Web Link Not Available
Note:	**As web link is not available, copy of the circular is annexed as Annexure Mf.2-6 at the end of this part**

Mc.49 - Refinance support to banks for financing MFIS

NABARD was providing 100% refinance to banks for their medium and long term loans to SHGs. NABARD has decided to provide refinance support to banks financing MFIs adopting other than SHG mechanism, as well. The directions prescribed, among other things, the selection criteria of MFIs by banks, client coverage, lending norms, margins and security, repayment periods, quantum of refinance etc.

Details	References
Circular	***NB.MCID.250/mFI-1(GEN)/2000-01 dated 29 June 2000***
Web Link/s	Web Link Not Available
Note:	**As web link is not available, copy of the circular is annexed as Annexure Mf.2-7 at the end of this part**

Mc.50 - Refinance support to banks for financing MFIs – revision in guidelines

During 2005, NABARD decided to revise the guidelines for providing refinance support to banks against their lending to MFIs. Major revisions are:

Quantum of Refinance:

NABARD refinance would be available to the banks to the extent of 100% of bank loan provided to MFIs.

Rate of interest on advances and refinance:

Interest rate on refinance to Commercial Banks and Regional Rural Banks on their loans to MFIs for on-lending to poor clients will be at interest on refinance applicable to lowest slab irrespective of size of bank loan to MFIs, with the stipulation that banks will charge not more than 9.0 % per annum rate of interest to the MFIs. As the banks are free to determine the rate of interest on their loans, the rate of interest on NABARD refinance will be 3% less than that charged by the banks on their loans to MFIs. However, the minimum rate of interest on the refinance to banks for their loans to MFIs will be at interest rate on refinance applicable to the lowest slab stipulated by NABARD from time to time.

Further, the banks were advised to stipulate a condition that the MFIs shall charge an appropriate rate of interest to their poor clients taking into account their operational & risk costs, and reasonable margin.

Details	References
Circular	***NB.mCID / 2292 / mFI-1(Gen) / 2004-05 Circular No. 49 / mCID/ 03 / 2004-05 dated 18 March 2005***
Web Link	***http://www.nabard.org/fileupload/DataBank/Circulars/MCID%204.pdf***

Mc.51 - Capital/Equity Support Scheme to MFIs from MFDEF

During 2006 NABARD gave directions to promote linkages between banks and MFIs so that the poor can have better access to financial services. It was envisaged that the provision of capital /equity support would enable MFIs to leverage the access of commercial loans from banks. These directions were revised in 2007. The MFIs have been broadly grouped under two heads viz., Micro Finance Organisations (MFOs) and NBFC-MFIs. The scheme envisaged the provision of capital support through NABARD's Micro Finance Development and Equity Fund (MFDEF);

- to MFOs in the form of soft loans repayable over a period of seven years and

- equity support to NBFC-MFIs in the form of preference shares.

Salient features of the scheme, eligibility norms for various institutions and format of application form are:

MFOs would be charged an interest of 3.5% on this loan but it would be subject to change from time to time. Loan tenure would be for a period of seven years inclusive of initial moratorium of two years. Loan is to be repaid in five annual installments. The maximum capital support available for MFOs under the scheme was linked to the outreach and / or amount of loan outstanding (as under) subject to a ceiling of Rs. 10.0 Million.

Outreach (No. of clients)	Loan amount Outstanding (INR)	Capital Support
2,500 – 10,000	Less than Rs.2 Crore	Maximum Rs.2.5 Million
10,001 – 20,000	Less than Rs.4 Crore	Maximum Rs.5.0 Million
20,001 – 30,000	Less than Rs.6 Crore	Maximum Rs.7.5 Million
30,001 – 50,000	Less than Rs.10 Crore	Maximum Rs.10.0 Million

For NBFC-MFIs, equity support would be provided in the form of Cumulative Redeemable Preference shares with coupon rate of 3.5% but the coupon rate would be subject to change from time to time.

Details	References
Circular	***NB.mCID/ 1986 /SHG 1(POLICY) / 2006-07 Circular No. -19 / mCID -1/ 2007 dated 26 February 2007***
Web Link	***http://www.nabard.org/pdf/capitalsupportschemerevised.pdf***

Mc.52 - Scheme for financial assistance to banks for rating the MFIs

GoI indicated, in its budget of 2005-06, the promotion of MFIs in a big way. Towards this end, GOI has felt the need to identify MFIs, classify and rate such institutions and empower them to intermediate between the lending banks and the clients.

To facilitate the process of rating the MFIs, NABARD has decided to extend financial assistance to Commercial Banks and RRBs by way of grants to avail of the services of rating agency CRISIL, for the first time rating of the MFIs. The Scheme will be operational initially for one year i.e. 2005-06. Under the scheme, 75% of the cost of professional fee subject to a Maximum amount of Rs.59,000, would be met by NABARD.

Only those MFIs which have a minimum loan outstanding of more than Rs.5.0 Million (Rupees Five Million only) or having 1,000 active clients would be considered for support and the support is available only for the first rating of the MFI.

Details	References
Circular	***NB. mCID / 280 / MFIs / 2005-06 Circular No.79 / mCID 06 / 2005 dated 11 May 2005***
Web Link/s	Web Link Not Available
Note:	**As web link is not available, copy of the circular is annexed as Annexure Mf.2-8 at the end of this part**

Mc.53 – Revised financial assistance for rating MFIs

The support scheme of financial assistance for rating the MFIs announced in 2005 was revised in 2006 and the major changes in the revision are as follows:

- Scheme extended for a further period of two years i.e. upto 31 March 2008.

- Banks avail the services of credit rating agencies, M-CRIL, ICRA, CARE and Planet Finance in addition to CRISIL for rating of MFIs.
- Grant assistance for meeting the cost of rating of MFIs would be met by NABARD to the extent of 80% of the total professional fees subject to a maximum of Rs.80,000/-. The remaining cost should be borne by the MFI concerned.

Details	References
Circular	***NB. mCID / 220 / MFIs / 2006-07 Circular No. 73 / mCID 1 / 2006 dated 15 May 2006***
Web Link	***http://oldsite.nabard.org/pdf/1circaj2006.pdf***

Mc.54 - Financial Inclusion promotion Fund and Financial Inclusion Technology fund - guidelines

Based on the recommendations of the interim report of The Committee on Financial Inclusion to constitute Financial Inclusion Fund with a view to ensuring access to timely and adequate credit and financial services by vulnerable groups at an affordable cost, the GoI decided to create two funds.

Accordingly, in the Union Budget for 2007-08, two Funds viz.,

- Financial Inclusion Fund (FIF) and

- Financial Inclusion Technology Fund (FITF) were created and housed with NABARD.

The FIF was meant for meeting the costs of developmental and promotional interventions whereas the FITF was meant to meet the costs of technology innovation and adoption.

Each fund would have an overall corpus of Rs.5,000 Million, with funding to be contributed by the GoI, RBI and NABARD. Banks were requested to operationalise the recommendations of the Committee on Financial Inclusion. Banks were further advised to submit suitable proposals seeking assistance from the funds through the Regional offices of NABARD.

Details	References
Circular	***NB.MCID. 217 / FI-01/ 2008-09 Circular No. 70-A /mCID-3 /2008 dated 14 May 2008***
Web Link	***http://slbckarnataka.in/userfiles/NABARD/External%20circulars/MCID%20217%2014%20may%202008.pdf***

Mc.55 - Support to RRBs functioning as SHPIs

One of the key components of the strategy to scale-up the SHG system was to widen and deepen the range of SHPIs from the traditional NGOs by including RRBs, District Central Cooperative Banks (DCCBs), Govt. Agencies and even Programme Related Investments (PRIs) as SHPIs and building their capabilities for not only facilitating linkages but also for promotion and nurturing of SHGs.

As part of this strategy, 11 RRBs from five states were supported for their SHPI initiatives through the "Experiment of RRBs as SHPI" {the commonly known Cooperative Group Banking (CGB) experiment}. The progress under the Experiment was reviewed and barring exceptions, found to be satisfactory.

Simultaneously, a good number of other RRBs had shown keen interest in promotion of SHGs through their own staff, besides financing SHGs promoted by other SHPIs. NABARD was receiving requests for considering technical / financial support to such RRBs which wished to take up the role of working as SHPIs.

Accordingly, NABARD had decided to support some of the RRBs interested in scaling up their SHPI role through a low cost intensive capacity building module in areas with no or low presence of experienced NGOs.

Details	References
Circular	***DO.NB.MCID/599/96 (3) Gen/99-2000 24 September 1999***
Web Link	***http://www.nabnet.in/repository/circulars/2007/internal/1999/MCID/Sep-24-1999.pdf***

Mc.56 - Support to RRBs functioning as SHPI – extension to other RRBs

As part of the overall strategy for increasing the stock of quality SHGs, NABARD had experimented with select RRBs to function as SHPIs under Low Cost Module [LCM]. Accordingly, in September 1999, THE BANK advised 11 of its Regional Offices (ROs) to identify RRBs which showed willingness to function as SHPIs to be supported by NABARD with need based grants. The response was encouraging and as at the end of

31 March 2001, the Bank had sanctioned grant assistance to 22 RRBs through Seven ROs.

Under the arrangement, under the LCM, each RRB, irrespective of its size, was required to identify 10 branches and plan to promote and link, over a period of three years, 300 SHGs in the first year and 250 SHGs respectively in the second and third years. The concerned RRB would be provided a grant assistance which covered;

- training for bank staff
- 'on the job' field training of bank staff by an identified NGO,
- awareness creation in villages,
- exposure visits to meet SHG members and
- cost of stationery

totally averaging to Rs. 700 per SHG.

Since then, NABARD received requests from

- other ROs also to extend the support to the RRBs in their respective states and
- some of the RRBs already supported, to expand the coverage of their operation to more branches.

NABARD since reviewed the progress in implementation of the above support to RRBs and it was decided to extend the support to all the RRBs in the country.

- Each RRB can select up to 25% branches with a minimum of 10 branches which would function as SHPI branches. The RRBs already supported for 10 branches under the existing dispensation may also review their performance and expand to more number of branches so as to cover up to 25% of the total branches.
- On an average, each branch would ensure promotion and linkage of 15 SHGs every year.
- The rate of grant assistance has been revised from the existing level of maximum Rs. 700 per SHG (including training of bank staff) to a maximum of Rs.1,000 per SHG (including training of bank staff), subject to specific performance indicators. The grant assistance at revised rate will be considered only in respect of proposals submitted after receipt of the revised guidelines.

Details	References
Circular	***NB.MCID/126/96 (3) Gen / 2001-02 Circular No.: 4/2001 dated 06 June 2001***
Web Link	***http://www.nabnet.in/repository/circulars/2007/internal/2001/MCID/Jun-06-1-2001.pdf***

Mc.57 - Scheme for promoting SHGs through VVV programme

NABARD observed that many bank branches had effectively utilised the Vikas Volunteer Vahini (VVV) Programme for promotion and nurturing of SHGs, as was evident from the fact that nearly 1,700 SHGs promoted by this programme financed by the nodal branches. Studies undertaken on the quality of SHGs and efficacy of the VVV clubs under the VVV Programme for promoting SHGs have shown that the programme, with proper orientation, can effectively promote good SHGs.

The importance of using the VVV Clubs for promoting SHGs could also be appreciated from the fact that many parts of the country did not have committed NGOs which could help banks in forming SHGs. This, works as a constraint for the banking system in widening the formation and linkage of SHGs. Although many RRBs had taken up promotion of SHGs through their own branch staff, periodic guidance and nurturing of the promoted SHGs, and maintenance and checking of their books of account by SHGs, etc. could become an impediment even in these branches, especially if the number of SHGs increased substantially.

It was therefore felt that using VVV Clubs as extended arms of the bank branches may, in fact, help the branches promote, link, and monitor SHGs more effectively. It would also be useful for the branches to induct socially committed individuals in the vicinity of bank branches as their volunteers.

It was therefore, decided to introduce a scheme for capacity building of the nodal bank branches, VVV Clubs associated with them and their Volunteers for up-scaling the SHG promotion by the VVV Clubs. The scheme also provided an opportunity to effectively use socially committed individuals living in rural areas to help the bank branches in this work.

NABARD would extend the required financial support to the banks in this regard. Besides meeting the cost of training to the branch staff, VVV Clubs' volunteers, and SHG members, NABARD would also provide financial assistance to the banks for supporting the identified VVV Clubs in their SHG promotion initiatives.

Details	References
Circular	***NO.NB.MCID. 68 /96(3)VVV/2000-01 dated 28 April 2000***
Web Link	***http://www.nabard.org/pdf/circ_nb28042000.pdf***

Mc.58 - Scheme for promoting SHGs under VVV programme - guidelines

The Scheme for promoting SHGs through VVV programmes attempted to harness the voluntary spirit of the socially committed individuals in the SHG movement by giving an institutionalized system of capacity building. It was expected that the Scheme should become popular in areas with low or no MF-NGO presence, and may supplement the SHPI initiatives of banks, especially the RRBs.

Over the next few years, it was expected that the VVV Clubs, both the existing and the new to be promoted, would provide a sizable number of SHGs for linkage. The Scheme also envisaged an active role of the Regional Offices of NABARD and more particularly that of DDMs and District Development Officers (DDOs).

Good quality SHGs could be promoted through VVV Clubs only if right types of training and sensitization arrangements are put in place. Detailed guidelines were issued for the selection of VVV Clubs, bank branches, imparting training, expenditure to be covered, amount to be reimbursed and activity plans etc. Some of the reimbursements that were given under the scheme were:

- Reimbursement of training cost upto a limit of Rs.3000 per programme.
- Reimbursement of cost of promotion of SHGs to SHG-Volunteers @ Rs.500 per credit linked SHG, with a maximum of Rs.5,000 per VVV club for 10 SHGs.
- NABARD RO would arrange to provide for stationery / books of account to the nodal branch / VVV Club for the use of the promoted SHGs, at a cost not exceeding Rs.200 per SHG.
- Incentive for the VVV Club for monitoring and guiding the SHG Volunteers and SHGs @ Rs.200 per credit linked SHG with a maximum of Rs.2000 for 10 SHGs to the club.

Details	References
Circular	***NB. MCID/139/96(3) VVV/2000-01 dated 22 May 2000***
Web Link	***http://www.nabnet.in/repository/circulars/2007/internal/2000/MCID/May-22.PDF***

Mc.59 - Doubling of efforts of NABARD and SIDBI

Micro finance has emerged as an effective tool for alleviating poverty in many countries. Further the Finance Minister, in his budget speech of 2000 had observed that micro enterprises have great potential for generating productive employment, especially in rural areas and had asked NABARD and SIDBI to double their efforts in this direction. Banks were, *inter alia*, advised by RBI, to issue appropriate instructions / guidelines to their controlling offices in setting a target to be achieved in the year 2000.

Details	References
Circular	***RPCD.PL.BC./64/04.09.22/99-2000 dated March 03, 2000***
Web Link/s	Web Link Not Available
Note:	**As web link is not available, copy of the circular is annexed as Annexure Mf.2-9 at the end of this part**

Mc.60 - Kisan Credit Card (KCC) Scheme - Guidelines

During the budget for 1998-99 it was announced that NABARD would formulate a Model Scheme of issuance of Kisan Credit Cards (KCCs) to farmers, on the basis of their land holdings, for uniform adoption by banks, so that the farmers may use them to readily purchase agricultural inputs such as seeds, fertilisers, pesticides, etc. and also draw cash for their production needs.

NABARD formulated a Model KCC Scheme in consultation with other major banks in the country. As a pioneering credit delivery innovation, KCC Scheme aimed at provision of adequate and timely support from the banking system to the farmers for their cultivation needs that included purchase of inputs in a flexible and cost effective manner.

Beneficiaries covered under the Scheme are issued with a credit card and a pass book or a credit card cum pass book incorporating the name, address, particulars of land holding, borrowing limit, validity period, a passport size photograph of holder etc., which may serve both as an identity card and facilitate recording of transactions on an ongoing basis. Borrower is required to produce the card cum pass book whenever s/he operates the account. KCC accounts that were not renewed may be reckoned as overdues. Percentage of overdues to demand is calculated accordingly.

Salient features of the Kisan Credit Card (KCC) Scheme

- Eligible farmers to be provided with a Kisan Credit Card and a pass book or card-cum-pass book.
- Revolving cash credit facility involving any number of ‘drawals’ and repayments within the limit.

- Limit to be fixed on the basis of operational land holding, cropping pattern and scale of finance.
- Entire production credit needs for full year plus ancillary activities related to crop production to be considered while fixing limit.
- Sub-limits to cover short term, medium term as well as term credit are fixed at the discretion of banks.
- Card valid for 3 to 5 years subject to annual review. As incentive for good performance, credit limits could be enhanced to take care of increase in costs, change in cropping pattern, etc.
- Each drawal to be repaid within a maximum period of 12 months. Conversion / re-scheduling of loans also permissible in case of damage to crops due to natural calamities.
- Security, margin, rate of interest, etc. as per RBI norms.
- Operations may be through issuing branch {and also Primary Agriculture Credit Societies (PACS) in the case of Cooperative Banks} through other designated branches at the discretion of bank.
- Withdrawals through slips / cheques accompanied by card and passbook. Crop loans disbursed under KCC Scheme for notified crops are covered under Rashtriya Krishi Bima Yojna (National Crop Insurance Scheme), a crop insurance scheme introduced at the behest of Government of India to protect the interest of the farmer against loss of crop yield caused by natural calamities, pest attacks etc

Details	References
Circular	***RPCD.PLFS.BC.NO 20/05.05.09/98-99 dated August 5, 1998***
Web Link **(Not Direct)**	***http://www.nabard.org/development&promotional/kisancreditcardmore.asp***

Mc.61 - KCC Scheme - Revised

RBI, vide its circular RPCD.PLFS.BC.NO 20/05.05.09/98-99 dated August 5, 1998, advised banks to introduce Kisan Credit Card Scheme on the lines of the Model Scheme prepared by NABARD.

The KCC Scheme introduced in August 1998, has since stabilised, with major share of crop loans being routed through it. At the inception of the scheme, it was envisaged that in due course of time, investment credit requirements of farmers viz. allied and non-farm activities may also be covered under the Scheme.

Since these activities were currently (then) outside the ambit of the KCC Scheme, farmers had to approach the banks separately for their additional requirements, every time, entailing additional time and cost, and observing banks' procedural formalities including documentation for each intervention. Keeping the above in view NABARD has revised the Model KCC Scheme sent to banks for information and necessary action.The Scheme would now cover term credit, as also working capital, for agriculture and allied activities, in addition to short term credit limit presently available for crop/s according to extant instructions.

Details	**References**
Circulars	***1) RPCD.PLFS.BC.NO 20/05.05.09/98-99 dated August 5, 1998*** ***2) RBI/2004-05/204 RPCD. PLFS.BC. NO. 38 /05.05.09/2004-05 dated October 4, 2004***
Web Links **(Not Direct)**	***http://www.nabard.org/development&promotional/kisancreditcardmore.asp*** ***http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/57818.pdf***

Mc.62 - Further revisions to KCC scheme

With a view to simplify and attune the Scheme to suit to current requirements and to facilitate issue of Electronic Kisan Credit Cards, a Working Group under the Chairmanship of Shri T. M. Bhasin, Chairman and Managing Director, Indian Bank was constituted. The Working Group has since submitted its recommendations based on which a revised KCC Scheme has been devised. Salient features of the revisions are:

- Scheme to meet short and long term credit requirements including consumption
- SHGs, JLGs, tenant farmers, oral lessees, share croppers etc. and all farmers whether they are individual or joint borrowers who are owner cultivators are eligible.
- Limits and sub limits are set for different set of borrowers
- Short term loans will be in the nature Cash Credit limits.
- Maximum repayment period for short term loan is 12 months and for long term loan is 60 months.
- Rate of interest is linked to the base rate but is left to the discretion of the banks.
- Margin to be decided by banks
- Security:
    - Security will be applicable as per RBI guidelines prescribed from time to time.
    - Security requirement may be as under:
        - Hypothecation of crops up to card limit of Rs. 1.00 lakh as per the extant RBI guidelines.
        - With tie-up for recovery: Banks may consider sanctioning loans on hypothecation of crops upto card limit of Rs.3.00 lakh without insisting on collateral security.
        - Collateral security may be obtained at the discretion of Bank for loan limits above Rs.1.00 lakh in case of non tie-up and above Rs.3.00 lakh in case of tie-up advances.

- In States where banks have the facility of on-line creation of charge on the land records, the same shall be ensured.

Details	References
Circular	***RBI/2011-12/553 RPCD.FSD.BC.No.77/05.05.09/2011-12 dated May 11, 2012***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/CRB5100512KC.pdf***

Micro Credit - Quick Index of Circulars

Subject of the Circular	Circular Reference/link
SHG-Bank Linkage – The Pilot Project	Plan BC.13/PL-09.22/90-91 dated July 24, 1991
SHG-Bank Linkage – Guidelines for the Pilot Project	NB.DPD.FS.4631/92-A/91-92 Circular No. DPD/104 dated 26 February 1992
SHG-Bank Linkage – Guidelines on the size of the SHGs	NB.DPD .SHG.2353/92-A/94-95 Circular No.DPD.11/94-95 dated 19 October 1994
Changes on Security Norms for SHG Lending	NB.DPD.NFS/H/5253/CDID/92A/96-97 dated 21 Feb.1997
SBLP – Clarification on the size of the SHGs	NB.MCID.H67/SHG(TVN)/99-2000 dated 29 May 1999
Directions on the Recommendations of the Working Group on NGOs & SHGs	RPCD. No. PL.BC.120/04.09.22/95-96 dated April 2, 1996
Recommendations of the High Powered Task force on Microfinance	***http://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/10307.pdf***
Execution of *Inter Se'* Agreement	NABARD CIRCULAR NO.NB.DPD.NFS/68/MCID/92(1)/98-99 dated 15 April 1998
Flexibility in designing Area Specific and Group Specific Loan Packages	RPCD.PI. BC./12/04.09.22/9S-99 dated July 24,1998
Flow of Credit to the Unorganised	RPCD.No.Plan.BC.61/04.09.22/2003-04 dated January 9, 2004

Sector	
SHG Loans to cover Housing and Other Consumption Needs	RBI/2007-2008/282 RPCD. MFFI. BC.No.56 / 12.01.001/ 2007-08 dated April 15, 2008
Financing of Distressed Urban Poor	RBI/2004/238 RPCD. Plan. BC. No. 45 /04.09.01/2004-05 dated October 26, 2004
Cash Credit Limit – Intensification of Promotion of Women SHGs in Backward Districts	Government of India, Ministry of Finance, Department of Financial Services F. No.3/6/2011-AC (Vol.II) dated 7th March, 2012
Scheme for Financing Matured SHGs for Farm Production and Investment Activities	NB.mCID / 1289/ SHG – 1 /(Policy) / 2006-07 Circular No. 175 / MCID 5 / 2006 dated 20 October 2006
Formats for Assessing SHGs for Bank Finance	No. NB.mCID/H-1626/SHG-1/1999-2000 dated 28 February 2000
Monitoring of SBLP made part of the SLBC and DCC Meetings	No. NB.mCID/H-1626/SHG-1/1999-2000 dated 28 February 2000
Format for Monitoring of Microfinance by NABARD & RBI	RBI / 385 / 2004-05 RPCD.No.Plan.BC. 84 /04.09.22/2004-05 dated March 03, 2005
Revised formats for Monitoring Microfinance	RBI/2006-2007/441 RPCD.CO.MFFI.BC.No. 103 /12.01.01/2006-07 dated June 20, 2007
SHG 2 – Revisiting the SBLP	NB.MCID/1563/SHG-1(Policy)/ 2011-12 Circular No: 65(A)/ MCID-04 / 2011-12 dated 27 March 2012
Guidelines for Financing JLGs	NB/mCID/875/Innov.JLG/ 2006-07 Circular. No./151 / MCID 4 /2006 dated 07 September 2006
Promotional Grants to Banks for forming, nurturing and financing JLGs	NB.MCID/ 865 /Innov.JLG/2009-10dated Circular No./ 169 /MCID-05 /2009 dated 23 October 2009
Financing of JLGs in Non-Farm Sector	NB.MCID/ 1063 /Innov.JLG/2009-10 Circular No.203 /MCID - 10 /2009 dated 03 December 2009
Flexibility in Fixing Interest Rates	RPCD.NO.PLAN BC/94/04.09.01/98-99 dated 24 April 1999 RPCD.PL.BC.28. 04.09.22/99-2000 dated September 30, 1999

Flexibility of evolving Banks' own lending models	RBI/2007-08/38 RPCD. MFFI. BC.No.08 / 12.01.001/ 2007-08 dated July 2, 2007
Inclusion of Micro Credit in Banks' Branch and Corporate Credit Plans	RBI/2007-08/38 RPCD. MFFI. BC.No.08 / 12.01.001/ 2007-08 dated July 2, 2007
Bank Loans to MFIs – Priority Sector Status	RBI/2010-11/505 RPCD.CO.Plan BC. 66 /04.09.01/2010-11 dated May 3, 2011
Exemption from Registration with RBI for Sec.25 Companies	DNBS.(PD).CC.No. 12 /02.01/99-2000 dated January 13, 2000
Setting up of Micro Credit Special Cell	RPCD.NO.PL.BC. 62 /04.09.01/99-2000 dated February 18, 2000
Further Encouragement to Microfinance	RPCD.No. Plan.BC.42 /04.09.22/2003-04 dated November 3, 2003
ECB for NGOS engaged in MF under Automatic Route	RBI/2004-05/434A.P.(DIR Series) Circular No. 40 dated April 25, 2005
ECB under Automatic Route –Extension of scope of eligible institutions and Limit of Amount	RBI/2011-12/304 A.P. (DIR Series) Circular No. 59 dated December 19, 2011
Introduction of new category of NBFC-MFI	RBI/2011-12/290 DNBS.CC.PD.No. 250/03.10.01/2011-12 dated December 02, 2011
Modifications in Directions for NBFC-MFIS	RBI/2012-13/161 DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 03, 2012
Guidelines on SRO for NBFC-MFIs	Press Release ref: 2013-2014/1066 dated 26th November, 2013, on Self Regulatory Organization (SRO) for NBFC-MFI
Guidelines on fair practice code for NBFC-MFIs	RBI/2011-12/470 DNBS.CC.PD.No.266 /03.10.01/2011-12 dated March 26, 2012
Extension of time in Provisioning Norms for MFIs	RBI/2011-12/463 DNBS.PD/ CC.No.263 / 03.10.038 /2011-12 dated March 20, 2012
Extension of the Pilot to Cooperatives	NB.DPD.SHG.618/92A/93-94 Circular No. DPOD14/93dated 29 May 1993
Extension of the SBLP Programme to Cooperatives	NB. DPD.NFS/CDID/1330/92-A/96-97 Circular No. DPD-NFS/36/96-97 dated 07 October 1996

Bank finance to Cooperative Societies	RPCD.NB.BC.68/03.03.34/99-2000 dated March 10,2000
Procedure for 'drawal' of Refinance for Pilot Project for Linking Banks with SHGs	NB. DPD. FS / 940 /IDA.33/2000-01 dated 25 June 1992
Revisions in Formats for 'drawal' of Refinance	NB.DPD.NFS/1240/CDID/92-A/96-97 Circular No.DPD-NFS/33/96-97 dated 01 October 1996
Concessional Interest Rate by NABARD as Promotional Measure	NB.MCID/H-147/SHG1(GEN)/98-99 dated 26 June 1999
Revision in Interest Rate on SHG Advances and NABARD Refinance	DPD.FS/H-57, 58 and 59/IDA.33 dated 25 April 2000
Refinance support to Banks for Financing MFIs	NB.MCID.250/mFI-1(GEN)/2000-01 dated 29 June 2000
Refinance support to Banks for Financing MFIs – Revision in Guidelines	NB.mCID / 2292 / mFI-1(Gen) / 2004-05 Circular No. 49 / mCID/ 03 / 2004-05 dated 18 March 2005
Scheme for Capital / Equity support to MFIs from MFDEF	NB.mCID/ 1986 /SHG 1(POLICY) / 2006-07 Circular No. -19 / mCID -1/ 2007 dated 26 February 2007
Scheme for Financial Assistance to Banks for Rating the MFIs	Ref. No. NB. mCID / 280 / mFIs / 2005-06 Circular No.79 / mCID 06 / 2005 dated 11 May 2005
Scheme for Financial Assistance to Banks for Rating of MFIs - Revised	NB. mCID / 220 / mFIs / 2006-07 Circular No. 73 / mCID 1 / 2006 dated 15 May 2006
Financial Inclusion Promotion Fund and Financial Inclusion Technology Fund - Guidelines	NB.MCID. 217 / FI-01/ 2008-09 Circular No. 70-A /mCID-3 /2008 dated 14 May 2008

Support to RRBs functioning as SHPIs	DO.NB.MCID/599/96 (3) Gen/99-2000 24 September 1999
Support to RRBs functioning as SHPI – Extension to other RRBs	NB.MCID/126/96 (3) Gen / 2001-02 Circular No.: 4/2001 dated 06 June 2001
Scheme for Promotion of SHGs through VVV Clubs under the VVV Programme	NO.NB.MCID. 68 /96(3)VVV/2000-01 dated 28 April 2000
Scheme for Promotion of SHGs through VVV Clubs under VVV Programme – Guidelines	NB. MCID/139/96(3) VVV/2000-01 dated 22 May 2000
Doubling of Efforts of NABARD and SIDBI	RPCD.PL.BC./64/04.09.22/99-2000 dated March 03, 2000
Kisan Credit Card (KCC) Scheme - Guidelines	RPCD.PLFS.BC.NO 20/05.05.09/98-99 dated August 5, 1998
KCC Scheme - Revised	RBI/2004-05/204 RPCD. PLFS.BC. NO. 38 /05.05.09/2004-05 dated October 4, 2004
Further Revisions to Kisan Credit Card Scheme	RBI/2011-12/553 RPCD.FSD.BC.No.77/05.05.09/2011-12 dated May 11, 2012
Microfinance Bill 2012	http://www.sa-dhan.net/Resources/MFI%20Bill%202012%20as%20introduced%20in%20Loksabha.pdf

Annexure I

Micro Credit

(Select Annexures – Copies of Circulars whose copies could not be accessed on web)

ANNEXURE MF.2-1

NB. MCID\   \SHG-1(TVN)/99-2000   29 May 1999

The Chief General Manager

National Bank for Agriculture and Rural Development
Regional Office
Thiruvananthapuram

Dear Sir,

Financing SHGs

Please refer to your letter No NB(TVM)DID\257\SIB(10)99-2000 dated 9 April 1999 on the above subject. As regards the issue raised by Syndicate bank regarding whether the maximum membership of 20 in an informal SHG is a hard and fast rule and legal implications of limiting the number to 20 and exceeding 20, we advise as under:

Groups having more than 20 members would not be considered as an informal entity in view of the limitation imposed by Section 11(2) of Companies Act. 1956 which reads as under:

"No company, association or partnership consisting of more than 20 persons shall be formed for carrying on business that has for its object, the acquisition of gain by the company / association or by the individual members thereof, unless it is registered as a company under this Act."

The Working Group (Kalia Committee) after considering the legal position and also the fact that the strength of SHGs lie in their informality, felt that formalization / registration may lead to more problems and erosion of group dynamics, peer pressure, flexibility and responsiveness as are being otherwise reflected in their working, The recommendation of the Group in this regard was as follows.

The informal character of the groups should be maintained. Keeping in view the provisions of Section 11(2) of the Companies Act, 1956, the membership of SHGs may continue to be restricted to 20.

Para...10.25

It has to be noted that the very basis of the SHG strategy is to use informality, mutual trust and peer pressure where formal structures with all their legal requirements have failed to deliver the goods. It is to give strength to this process that we have suggested to ROs vide our letter NB. MCID 983 SHG-1(Gen) 98-99 dated 14 March 1999 that banks and NGOs may be encouraged to evolve localized rating norms to assess the maturity levels of SHGs. In the end, banks will have to take their own view on whether or not to finance an SHG. We may however explain that NABARD will have no objection to mature groups which are larger in size being financed and refinance will be available to banks in respect of such groups also.

You may advise all banks suitably in the matter including the Syndicate Bank.

Yours faithfully

Sd/-

(H.R. Dave)

Deputy General Manager

No. NB. DPD.NFS./H-5253/CDID/92-A/96-97

21 February 1997

To all Scheduled Commercial Banks and

All Regional Rural Banks

Dear Sir,

Linking of SHGs with Banks – Security Norms

Please refer to our circular letter No. NB. DPD.FS/DLTF/2631/92-A/91-92 dated 26 February 1992 addressed to Scheduled Commercial Banks advising the operational guidelines to be followed by the banks under the SHG Linkage Programme.

2. While dealing with the security norms for SHG lending in para 23 of the above circular, the relaxations granted in this regard by RBI earlier in its circular RPCD No. Plan.BC.13/PL.22/90-91 dated 24 July 1991 were reiterated. Further in order to emphasize the need for adopting flexibility in security norms for SHG lending, it was indicated that the SHGs would not be in a position to offer any collateral security other than the group savings. It has however, been observed during field studies as also reports received from NGOs and our ROs that this sentence though was intended to point out the limitation of the SHGs, has been interpreted by some of the financing banks as if the savings are to be necessarily treated as collateral. As such, banks are reportedly insisting on keeping of group savings of SHGs in SB A/cs or in FDs with their branches as collateral for providing loans to SHGs. This practice deprives the SHGs of their savings otherwise available to them for loaning to their members.

3. It is felt that the banks may take a pragmatic view in the matter and issue suitable instructions to the branches.

Yours faithfully

..Sd..

(Y.C. NANDA)

Executive Director.

Ref. No. NB.DPD.NFS/68/MCID/92(1)/98-99

15 April 1998

The General Manager

(PS.PUB & PR)

Bank of Baroda

RRD & Associate Banks Department (4th Floor)

Rajendra Bhavan, Rajendra Plaza,

New Delhi 110 008.

Dear Sir,

Documentation – Financing of SHGs

Please refer to your letter No.GM/RRBs & Abs 04/55 dated 10 January 1998, seeking clarification as to whether 'Inter-se Agreement' for availment of credit by SHGs from the banks is required to be executed in presence of Executive Magistrate / Notary. In this connection, we have been advised by our law department that it may not be necessary to sign the above mentioned agreement in the presence of Executive Magistrate. It should, however, be executed by the members of the SHG in the presence of an independent witness, preferably from the NGO.

Yours faithfully

..Sd..

(S.M. SHEOKAND)

General Manager.

RPCD.NB.No.BC.68/03.03.34/99-2000

March 10, 2000

All Scheduled Commercial Banks
(including RRBs)

Dear Sir,

Bank Finance to Co-operative Societies

In his budget speech on February 29, 2000, the Hon. Union Finance Minister, inter alia, had announced that RBI will advise banks to accord priority to the credit needs of the co-operatives which are entirely controlled by user-members and managed by them prudently.

2. As you are aware, certain States viz., Andhra Pradesh, Bihar, Jammu & Kashmir and Karnataka have enacted new State Co-operative Societies Acts titled as A.P. Mutually Aided Co-operative Societies Act, 1995, Bihar Self Supporting Co-operative Societies Act, 1996, J&K Self Reliant Co-operative Societies Act, 1997 and Karnataka Souharda Sahakari Act, 1997. The co-operative societies registered under these Acts are entirely controlled by user-members and managed by them. They can seek and obtain funding from commercial banks in normal course based on the bankability of their enterprise. It is, however, reported that these co-operative societies are not getting finance either from co-operative banks or commercial banks. The co-operative banks are not financing such co-operative societies as these are not made members of District Central Co-operative Banks in view of their not conforming to the existing Co-operative Societies Acts. The commercial banks are also not financing these societies at present as they are under the impression that they have to deal with the co-operatives only which are ceded to them.

3. It has, therefore, been decided that commercial banks/RRBs should accord priority to the credit needs of the above co-operative societies which are registered under the new Acts and are entirely controlled by user-members and managed by them prudently.

4. You may please issue suitable guidelines to your Controlling Offices/branches to extend finance to the above types of co-operative societies depending on their bankability.

5. Please acknowledge receipt.

Yours faithfully,

Sd/-

(R. M. Joshi)
Chief General Manager

ANNEXURE MF.2-5

No. NB. MICD/H-147/SHG1(Gen)/98-99

26 June 1999

Circular No.1/99

(i) All Scheduled Commercial Banks
(ii) All Regional Rural Banks
(iii) All State Cooperative Banks
(iv) Register of Cooperative Societies

Dear Sir,

Interest Rate on NABARD Refinance and Bank loans

Under SHG-Bank Linkage Programme

We are pleased to advise the rates of interest on bank loan and NABARD refinance under the SHG – Bank Linkage Programme effective from 1 June 1999 as given below:

Particulars (% per annum)	Existing rate of interest (% per annum)	Revised rate of interest
NABARD to Banks (Refinance)	6.5	6.5 (No Change)
Bank to SHG	12.0*	As decided by the bank within the scope of RBI Directives.
Bank to NGO/MCO#	10.5*	Bank free to decide
NGO/MCO to SHG	12.0*	NGO/MCO free to decide
SHG to members	SHG free to decide.	SHG free to decide.

*Excludes Interest Tax wherever applicable.

#MCO – MICRO Credit Organization

2. It may be noted that though as per RBI's letter RPCD.No. Plan BC.94/04.09.01/98-99 dated 24 April 1999 the banks and MCOs are free to fix rate of interest on their lending to MCOs and SHGs, respectively, NABARD has decided as a promotional measure, to continue to extend 100% refinance at a concessional rate of 6.5% p.a. against all bank loans to SHGs or NGO/MCOs. In view of this, NABARD expects that the bank and MCOs would charge reasonable rates of interest.

3. Please acknowledge receipt.

Yours faithfully

Sd/-

(Prakash Bakshi)

Chief General Manager

ANNEXURE MF.2-6

Ref. No. NB. DPD-FS/H-57/IDA.33/2000-2001

Circular No.01/2000-2001

25 April 2000

All Scheduled Commercial Banks

Dear Sir

Interest rates on Advances and Refinance – Farm & Non-Farm Sectors

Please refer to our Circular No.17/99 dated 10 September 1999 advising the rate of interest on refinance under NABARD assisted schemes.

2. The rates of interest on refinance have been reviewed in the context of current interest rate regime and the need to provide adequate spread on refinance to the banks. It has since been decided to revise downwards the rates of interest on refinance in respect of term loans for three years and above for Agriculture, Small Scale Industries and Small Road Transport Operators (owning two vehicles) as under:

a) For purposes other than Minor Irrigation, Cold Storages and Storages of Horticulture produce and financing of SHGs:

(% per annum)

Size of Limit	Rate of interest to ultimate beneficiaries	Rate of Interest on refinance	
		Existing	Revised
Upto Rs.25,000	As determined by the CB subject to a maximum of PLR of the Bank	8.5	8.5 (No Change)
Over Rs.25,000 and upto Rs.2 Lakhs	-do-	10.0	9.5 (Reduction of 0.5%)
Over Rs.2 Lakh	As determined by the CB.	11.0	10.5(Reduction of 0.5%)

b) For Minor Irrigation

The rate of interest for this purpose will be 8.5% p.a. irrespective of the size of the limit. The rates of interest on refinance for Minor Irrigation under SGSY will however be as given at 2(a) above.

c) For financing of Self Help Groups

NABARD to Bank		Bank to SHGs	SHGs to Members
Existing	Revised		
7.5*	7.0 (Reduction of 0.5%)	As decided by the bank subject to RBI stipulations	As decided by SHG

*Revised in terms of our Circular No.30 dated 25 March 2000

4. The rate of interest on refinance for financing Cold Storages & Storage of Horticulture produce under Capital Investment Subsidy Scheme of Government of India will be @ 8.5% p.a. as Indicated in ICD circular No.16/99-2000 dated 5 January 2000

5. The revised rates will be applicable to the disbursements made by NABARD on or after 01 May 2000

6. In respect of externally aided projects, the rate of interest as per provisions contained in the relative agreements will apply.

Please acknowledge receipt

Yours faithfully,

Sd/-

(N. Raghavan)

Ref.NB.MCID. 250/mFI-1(Gen)/2000-01

29 June 2000

All Scheduled Commercial Banks

All Regional Rural Banks

Refinance Support to Banks for Financing

Micro Finance Institutions (mFIs)

NABARD is providing 100% refinance to banks at an interest rate of 7% per annum for their medium and long term loans to self help groups (SHGs) under the SHG-bank linkage programme covered under the RBI circular No.RPCD.PL.BC.120/04.09.22/95-96 dated 02 April 1996 and reiterated vide RBI circular No.RPCD.PL.BC.64/04.09.22/99-2000 dated 03 March 2000. This refinance covers all loans provided by banks directly to SHGs, or through bulk loans to micro Finance Institutions (mFIs)' which further on-lend to SHGs.

2. It is clarified that under SHG-bank linkage programme, an SHG is defined as a cohesive group (generally with membership of 10 to 20) that starts financial activities with own regular savings which are lent internally among the group members as per group's decisions; and in due course the SHG avails of bank credit in a prescribed multiple of its own resources. Management of savings and the bank loan, as also all decisions regarding lending, savings and other activities of an SHG rest entirely with it.

3. RBI have vide their circular RPCD.PL.BC.62/04.09.01/99-2000 dated 18 February 2000 advised banks that micro credit extended by them through any model(s) or through any conduct / intermediary will be reckoned as their priority sector lending, In other words, banks can now lend to mFIs adopting <u>other than SHG</u> mechanism(s) for providing micro credit to the poor. Such micro credit can be provided to individuals or groups which do not confirm to basic characteristics of SHG as mentioned in para 2 above. In other words, such non-SHG groups could be small groups like "Garmeen" type groups (membership 5), small cooperatives, etc. where the management of savings and the credit decisions rest mainly with the mFI.

4. It has now been decided by NABARD to provide refinance support to banks, on terms and conditions mentioned below, financing mFIs adopting <u>other than SHG</u> mechanism(s) for providing micro credit.

(i) Eligible Institutions for Bank Loans

For the purpose of refinance under the scheme an mFI may include the following institutions.

(a) Not-for Profit mFI's

*Societies registered under Societies Registration Act, 1860 or similar State Acts

- Public Trusts registered under the Indian Trust Act, 1882
- Not-for-profit Companies registered under Section 25 of the Companies Act, 1956

(b) Mutual Benefit mFIs

- State Credit Cooperatives
- National Credit Cooperatives
- Mutually Aided Cooperative Societies (MACS)

(c) For Profit mFIs

- Non Banking Financial Companies (NBFCs), registered under the Companies act, 1956

(ii) Selection of mFIs by Banks

Banks may evolve their own norms and system of appraising the mFIs having proper credentials and capabilities to make an assessment based on relevant factors like credit thrift management, core competence, capacity and character. In particular, banks may ensure that the applicant mFI has:

(a) A good track record and has been providing financial services to the poor individually or in small groups (other than SHGs under SHG-bank linkage programme), with high repayment performance;
(b) Proper system of maintaining accounts/records with regular audit;
(c) Necessary financial management capacity for enlarged operations;
(d) Adequate trained and motivated field-staff for close observance/monitoring; and
(e) Its operations in rural areas

(iii) Loans Eligible for Refinance

Medium and long term loans disbursed by banks to mFIs for on-lending to

(a) Small groups (other than SHGs under SHG-bank linkage programme)/ Federations / Cooperative / MACS / Credit Unions, etc.

(b) Individuals, micro and household enterprises.

(iv) Client Coverage

The clients of the mFIs at the ground level will be the poor generally unreached or underserved directly by the banking system.

(v) Purpose of Loan

Loans from mFI to clients may include both consumption and production purposes.

(vi) Lending Norms

(a) Quantum of Bank Loan

The quantum of loan to be provided by the bank especially to non-equity based mFI, may be in proportion to the aggregate estimated savings of the clients of mFI in its proposal. The extent of loans may gradually increase over time with repayment performance of clients to mFI and of mFI to the bank, increase in outreach and viability of the operations of mFI. The ratio of aggregate savings of the clients to credit provided by the bank to the mFI may initially be 1:1.5 and not go beyond1:10. This criteria may, however, not apply to for-profit NBFC-mFIs, in the case of which banks may determine the quantum of loan on the basis of normal financial appraisal of the NBFCs.

(b) Margin and Security

As indicated in RBI circular dated 18 February 2000, banks are free to determine margin and security norms for their loans to mFIs.

(c) Repayment Period

The repayment period of the loans from banks to mFIs will ordinarily be not less than 3 years, while mFIs may fix repayment periods of the loans at the ground level as per their own programme. The refinance provided by NABARD should normally be covered by the banks' outstanding with the mFI(s) at any point of time.

(vii) Quantum of Refinance

Refinance to the extent 80% of the bank loan will be available to banks against their lending to mFIs.

(viii) Rate of Interest on Advances and Refinance

The rates of interest on advances and refinance will be as under:

Size of Bank Loan	Rate of interest		Rate of Interest on refinance per annum	
	Bank to mFI	mFI to clients	Commercial Banks	Regional Rural Banks
Upto Rs.25,000	Bank free to decide	mFI free to decide	8.5%	7.0%
Over Rs.25,000 and upto Rs.2 Lakhs	Bank free to decide	mFI free to decide	9.5%	9.0%
Over Rs.2 Lakhs	Bank free to decide	mFI free to decide	10.5%	10.5%

5. Drawal of Refinance

The banks may prefer their drawal applications in the prescribed format (copy enclosed) to our Regional Offices. The refinance facility would be available as under:

(i) Automatic Refinance Facility-where the quantum of refinance claimed is nor exceeding Rs.10 lakh per individual mFI. Banks would be required to submit a copy of the appraisal note for NABARD's information and record.

(ii) Prior approval of NABARD is required if the extent of refinance to be claimed by the banks exceeds the above threshold limit of Rs.10 lakh per individual mFI.

6. Monitoring

There should be periodical inspection of the books of accounts of the mFIs by the banks and they should evolve suitable mechanism for monitoring of the lendings by the mFIs.

7. Eligibility Criteria

The eligibility criteria for drawal of refinance as laid down by NABARD from time to time will be applicable to the banks under the scheme.

8. All other general terms and conditions for drawal of refinance will apply.

9. In view of the priority given by RBI on microcredit, you may please consider issuing suitable instructions to your controlling offices and branches for initiating necessary action for effecting mFI linkage. The action taken by you may please be advised to us for our information. For any clarifications in this regard, the banks may write to this office.

Please acknowledge receipt

Yours faithfully

Sd/-

Prakash Bakshi

Chief General Manager

Encls: As Above

Application for Sanction and Disbursement of Refinance for Financing micro Finance Institutions (mFIs) - Automatic Refinance Facility

Ref. NABARD's Circular No. NB. MCID./ 250 /mFI-1(Gen)/2000-01 dated 29 June 2000

The Chief General Manager / General Manager

National Bank for Agriculture and Rural Development

Regional Office

…………………………

Dear Sir

Refinance Support to Banks for Financing mFIs-

Sanction and Disbursement of Refinance

We hereby apply for sanction of refinance of Rs. ……………………….. (Rupees…………………………….) and release of refinance of Rs. ……………………….. (Rupees…………………………….) in respect of bank loan of Rs. ……………………….. (Rupees…………………………….) sanctioned and Rs. ……………………….. (Rupees…………………………….) disbursed by us to our constituents (Name (s) of the mFI(s)), the broad particulars in respect of which are furnished in the enclosed formats (Statements I & II).

2. We confirm that the above disbursals have been made not earlier than 12 months prior to the date of application.

3. We certify that

i. The proposal conforms to the policies, procedures and guidelines laid down in the above mentioned circular No.NB.MCID/250/mFI-1 (Gen) 2000-01 dated 29 June 2000.

ii. The proposal has been scritinised and found to be sustainable.

iii. We have appraised the constituent(s) as per norms / systems developed by our bank and found the mFI(s) creditworthy.

iv. The mFI(s) has/have not violated any of the provisions of Banking Regulations Act and RBI Act to the best of our knowledge.

v. Necessary monitoring system has since has since been developed and put in place for regular monitoring of the operations of the mFI.

vi. Our constituent(s) has/have no objection to our furnishing to NABARD all such information as it may require from time to time and also to inspection of their operations and their books of accounts by NABARD during the currency of refinance.

vii. NABAD shall have the right to inspect our books and loan accounts covered under this application and / or call for copies of relative Memoranda / sanction notes / any other information relevant in this regard.

4. We have not earlier applied for refinance against any of the disbursements to the mFI(s) covered under this drawal application.

5. We agree that if on inspection of the refinanced account(s) in our books, NABARD comes to the conclusion that any of the accounts does not conform to the guidelines laid down by it from time to time, NABARD shall have the right to recall the entire refinance disbursed in respect of that mFI.

6. The repayment schedule for refinance is given below:

Date	Amount (Rs.lakh)
31 January	
31 July	
31 January	

For and on behalf of Financing Bank

Signature of the Authorized Official

Designation with Seal

Date:

Place:

Encls.

STATEMENT I

Ref. NABARD's Circular No.NB.MCID / MFI-1(Gen) / 2000-2001 Dated 29 June 2000

Information on the micro Finance Institution (mFI)

Sl.No.	Particulars of the mFI	
1	Name	
2	Address	
3	Area of operation	
4	Name of CEO	
5	Legal Status (Details of Registration)	Trust/Society/Company/Others
6	Year of Establishment	
7	Primary function of the agency	
8	Audit status (whether regularly held or not and adverse features, if any).	
9	Details of previous experience in micro credit programmes	

Note: Separate Statement may be furnished in respect of each individual mFI and financing branch covered under the drawal

STATEMENT II

Particulars of the Branch and the micro Finance Proposal Sanctioned by the Bank

Name & Address of the Bank Branch: Name of mFI:

Branch Code No: Date(s) of submission of

earlier drawal application(s):

Particulars of the Proposal Sanctioned by the Bank

Proposed clientele coverage	mFI financing through Groups (other than SHG)						mFI financing directly to individuals		
	Men/Mixed Groups		Women Groups		Total Groups		No.of Men	No.of Women	Total No.of Indivi duals
	No.of groups	No.of mem bers	No.of groups	No.of mem bers	No.of groups	No.of mem bers			

Lending programme of mFI (Year - Wise)	**Physical and Financial Programme**					
	Year	Proposed Coverage		Proposed Savings of the clients	Credit requirement of the clients	mFI's contribution, if any
		No.of Groups	No. of Indivi duals			
	I					
	II					
	III					
	Total					

Amount of bank loan applied by the agency	Rs. Lakh
Amount of loan sanctioned by the bank	Rs. Lakh
Ratio of savings of the clients to bank loan to mFI	

Amount of bank loan disbursed (under this drawal)	Rs. (Rupees)
Amount of bank loan disbursed (cumulative)	Rs. (Rupees)
Amount of refinance, if any claimed earlier	Rs. (Rupees)
Amount of refinance now claimed	Rs. (Rupees)
Rate of Interest	
Bank to mFI	% p.a.
mFI to groups (other than SHG) mFI to Individuals	% p.a. % p.a.
Groups to members	% p.a.
Repayment of Bank Loan by mFI to Bank	
Repayment period including grace period, if any	......Years (Grace period ....)
Periodicity of installments	Monthly / Quarterly
Amount of Installment	Rs. (Rupees)

Note: 1. Lending programme of the mFI under one proposal may not exceed 3 years

2. Separate statement may be furnished in respect of each individual mFI and financing branch covered under the drawal application.

Ref. No. NB. mCID / 280 / mFIs / 2005-06

Circular No.79 / mCID 06 / 2005

11 May 2005

All Scheduled Commercial Banks

(including Regional Rural Banks)

Dear Sir,

Scheme for financial assistance to banks for rating of Micro Finance Institutions (MFIs)

As you are aware, the Hon'ble Finance Minister in his budget speech 2005-06 announced that the Government intends to promote Micro Finance Institutions (MFIs) in a big way. Towards this end, GOI has felt the need to identify MFIs, classify and rate such institutions and empower them to intermediate between the lending banks and the clients.

2. To facilitate the process of rating of MFIs, NABARD has decided to extend financial assistance to Commercial Banks and Regional Rural Banks by way of grant to avail of the services of CRISIL for rating of MFIs. **The Scheme will be operational initially for one year i.e. 2005-06.**

3. The salient features of the Scheme will be as under:

(i) The financial assistance by way of grant for meeting the cost of rating of MFIs would be met by NABARD to the extent of 75% (i.e. maximum Rs.59,000/-) of the total professional fees amounting to Rs. 78,630/- as agreed by the CRISIL. The remaining 25% cost would be borne by the concerned MFI.

(ii) In addition to 25% of the professional fee, the cost of local hospitality (including boarding and lodging) towards field visit of CRISIL team required as a part of the rating exercise, would also be borne by the MFI.

(iii) Only those MFIs would be considered for support for rating which have a minimum loan outstanding of more than Rs. 50.00 lakh (Rupees fifty lakh only) or having 1000 active clients. However, facility will be available to the MFIs having loan outstanding upto Rs. 500 lakh.

(iv) Financial assistance by way of grant would be available only for the first rating of the MFI.

4. The banks which intend to avail of the financial assistance by way of grant from NABARD for rating of MFIs through CRISIL may submit a claim to Micro Credit Innovations Department, NABARD, Head Office, Mumbai for reimbursement of 75% of the cost of rating of an MFI. The claim may consist of the followings:

(i) The Rating Report for the MFI submitted by the rating agency [CRISIL]

(ii) The total cost of rating of MFI and the amount of NABARD's support.

(iii) The details of the bank credit sought by the MFI.

Please acknowledge the receipt.

Yours faithfully,

-Sd-

(Sukhbir Singh)

Chief General Manager

RPCD.No.PL.BC/64/04.09.22/99-2000

March 3, 2000

All Scheduled Commercial Banks
(excluding RRBs)

Dear Sir,

Linking of Self-Help Groups with Banks

In his budget speech on February 29, 2000, the Finance Minister has stated as under:
"Micro finance has emerged as an effective tool for alleviating poverty in many countries. In my last budget speech I had asked NABARD and SIDBI to cover 50,000 Self-help Groups to develop micro enterprises. NABARD by itself is likely to link 50,000 such Groups to banks during the current year. NABARD and SIDBI will cover an additional one lakh Groups during 2000-01. Special emphasis will be placed on promotion of micro enterprises in rural areas set up by the vulnerable sections including women, Scheduled Castes, Scheduled Tribes and Other Backward Classes."

2. It may be recalled that in his last budget speech on February 27, 1999, the Finance Minister had observed that micro enterprises have great potential for generating productive employment, especially in rural areas and had asked NABARD and SIDBI to redouble their efforts in this direction and ensure coverage of at least 50,000 Self-Help Groups during the year 1999-2000. In this connection, a reference is invited to our circular RPCD.No.PL.BC/78/ 04.09.22/98-99 dated March 08, 1999 on the subject.

3. It is thus necessary to continue the efforts so that the national goal set out in the budget announcements for the year 2000-01 is met. You may, therefore, issue appropriate instructions/guidelines to your controlling offices/branches to assess the potential for Self-Help Group-Bank linkages in their respective Service Areas and forge linkages with Self-Help Groups either on their own initiative as many banks are doing or after enlisting the support of NGOs who are in the field.

4. Please acknowledge receipt.

Yours faithfully,

Sd/-

(A.V. Sardesai)
Chief General Manager

CHAPTER IV

MICRO INSURANCE

Mi.1 – Need for Micro Insurance

The underprivileged people are more vulnerable and exposed to multi various risks and they are very often hit by unforeseen loss events (death of the earning member, sickness, fire, accidents, disease outbreak in cattle, drought, floods & cyclones), resulting in disruption of their income inflow as well as loss of their hard earned assets.

Besides this, the poor, living in risk prone areas (E.g. Co-variant risks like Earthquakes, Floods & Tsunami), are not willing to invest further for their business development fearing that their business assets are exposed to risks.

Micro credit has enabled the people at the bottom of the pyramid to increase their income and build their assets, however meagre those could be. Besides increasing the poor's income and building their assets, ensuring a security for their well-being by reducing their vulnerability through Micro Insurance assumes greater significance.

Mi.2 – Current Outreach

Micro insurance also is offered by the General and Life Insurance companies. Totally 52 companies are extending Insurance services in the country out of which 24 companies (as of 2nd September, 2013) extend Life Insurance Products, 27 companies extend General Insurance Products (as of 11th February, 2013) and One company extends Re-insurance facility (as of 23rd April, 2012). Among these 3-4 companies offer both Life and General making the total Insurance companies in the country as less than 50. Among these, 19 companies offer micro insurance products. During the year 2011-12, 4.62 million Individual (82.82% by LIC) and 5,573 group (97.99% by LIC) micro Life insurance policies / schemes have been sold and covering the lives of 10.19 million (92.64% by LIC) people and the premium collected from micro life insurance is Rs.2.26 billion.

Mi.3 - Policy support

Insurance Regulatory and Development Authority (IRDA) has issued a directive to the insurers on the rural and social sector obligations in 2002 and the first notification for Micro insurance in Nov 2005 and since then, a good amount of policy thrust has been given by IRDA to increase the exposure to rural and social sectors by the insurers.

Mi.3.1 - Imbibed in the Act as entry norm with penalty norms for failure to comply

Section 32B of the Insurance Act, 1938 states that “Every insurer shall, after the commencement of the Insurance Regulatory and Development Authority Act, 1999, undertake such percentages of life insurance business and general insurance business in the rural or social sector, as may be specified, in the Official Gazette by the Authority, in this behalf”

Section 32C of the Insurance Act, 1938 states that “Every insurer shall, after the commencement of the Insurance Regulatory and Development Authority act, 1999 discharge the obligations specified under section 32B to provide life insurance or general insurance policies to the persons residing in the rural sector, workers in the unorganized or informal sector or for economically vulnerable or backward classes of the society and other categories of persons as may be specified by regulations made by the Authority and such insurance policies shall include insurance for crops”.

Mi.3.2 - Penalty for failure to comply with section 32B

Section 105B of the act says that “if an insurer fails to comply with the provisions of section 32B, he shall be liable to a penalty not exceeding five lakh rupees for each such failure and shall be punishable with imprisonment which may extend to three years or with fine for each such failure.”

Mi.3.3 - Penalty for failure to comply with section 32C

Section 105C of the act says that “if an insurer fails to comply with the provisions of section 32C, he shall be liable to a penalty not exceeding twenty-five lakh rupees for each such failure and in the case of subsequent and continuing failure, the registration granted to such insurer under section 3 shall be cancelled by the Authority.”

Details	References (Web Links)
Act	***http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo107&flag=1&mid=Insurance%20Laws%20etc.%20%3E%3E%20Acts***
Laws	***http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo108&flag=1&mid=Insurance%20Laws%20etc.%20%3E%3E%20Acts***

Mi.4 - Modifications-Obligations to Rural Social Sector-2000

This notification describes the definitions of various words and sets the directions of obligations.

(a) *"Rural sector"* shall mean any place as per the latest census which has—

- (i) a population of not more than five thousand;
- (ii) a density of population of not more than four hundred per square kilometre; and
- (iii) at least seventy five per cent. of the male working population is engaged in agriculture.

(b) "Social sector" includes unorganised sector, informal sector, economically vulnerable or backward classes and other categories of persons, both in rural and urban areas;

(c) "Unorganised sector" includes self-employed workers such as agricultural labourers, bidi workers, brick kiln workers, carpenters, cobblers, construction workers, fishermen, hamals, handicraft artisans, handloom and khadi workers, lady tailors, leather and tannery workers, papad makers, power-loom workers, physically handicapped self-employed persons, primary milk producers, rickshaw pullers, safai karmacharis, salt growers, sericulture workers, sugarcane cutters, tendu leaf collectors, toddy tappers, vegetable vendors, washerwomen, working women in hills, or such other categories of persons.,

(d) "economically vulnerable or backward classes" means persons who live below the poverty line;

(e) "other categories of persons" includes persons with disability as defined in the Persons with Disabilities (Equal Opportunities, Protection of Rights, and Full Participation) Act, 1995 and who may not be gainfully employed; and also includes guardians who need insurance to protect spastic persons or persons with disability;

(f) All words and expressions used herein and not defined herein but defined in the Insurance Act, 1938 (4 of 1938), or in the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), shall have the meanings respectively assigned to them in those Acts.

Mi.4.1 – Obligations

Every insurer, who begins to carry on insurance business after the commencement of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), shall, for the purposes of sections 32B and 32C of the Act, ensure that he undertakes the following obligations, during the first five financial years, pertaining to the persons in-

(a) Rural Sector:

(i) in respect of *a life insurer*, --

(I) 5% in the first financial year

(II) 7% in the second financial year

(III) 10% in the third financial year

(IV) 12% in the fourth financial year and

(V) 15% in the fifth year

of total policies written directly in that year

(ii) in respect of *a general insurer*,--

(I) 2% in the first financial year

(II) 3% in the second financial year

(III) 5% thereafter

of total gross premium income written directly in that year.

(b) Social Sector, in respect of all insurers, --

(I) 5,000 lives in the first financial year

(II) 7,500 lives in the second financial year

(III) 10,000 lives in the third financial year

(IV) 15,000 lives in the fourth financial year and

(V) 20,000 lives in the fifth year

Provided that

- in the first financial year, where the period of operation is less than twelve months, proportionate percentage or number of lives, as the case may be, shall be undertaken.

- in case of a general insurer, the obligations specified shall include insurance for crops.

- the Authority may normally, once in every five years, prescribe or revise the obligations as specified in Regulation 3.

Mi.4.1.1 - Obligations of existing insurers

(1) The obligations of existing insurers as on the date of commencement of IRDA Act shall be decided by the Authority after consultation with them and the quantum of insurance business to be done shall not be less than what has been recorded by them for the accounting year ended 31st March, 2000.

(2) The Authority shall review such quantum of insurance business periodically and give directions to the insurers for achieving the specified targets.

Details	References
Circular	***F.No.IRDA/Reg./7/2000.—dated 14th July, 2000***
Web Link	***http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo60&flag=1&mid=Insurance%20Laws%20etc.%20%3E%3E%20Regulations***

Mi.5 - Revision in definition of Rural Sector

Following revisions were made vide this notification:

"Rural Sector" shall mean any place as per the latest census which meets the following criteria-

- a population of less than five thousand;
- a density of population of less than four hundred per square kilometre; and
- more than 25% of the male working population is engaged in agricultural pursuits.

The categories of workers falling under agricultural pursuits are as under:

(i) Cultivators;

(ii) Agricultural labourers

(iii) Workers in livestock, forestry, fishing, hunting and plantations, orchards and allied activities.

"Informal sector" includes

- small scale, self-employed workers typically at a low level of organisation and technology, with the primary objective of generating employment and income,
- heterogeneous activities like retail trade, transport, repair and maintenance, construction, personal and domestic services and manufacturing,
- the work mostly labour intensive, having often unwritten and informal employer-employee relationship

Details	References
Circular	***No.231 dated 16th October, 2012***
Web Link	http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo66&flag=1&mid=Insurance%20Laws%20etc.%20%3E%3E%20Regulations

Mi.6 - Further Revision in definition of rural sector

"Rural Sector" is further defined as the places or areas classified as "rural" while conducting the latest decennial census population (Census of India)

Details	References
Circular	***F. No.IRDA/Reg/3/2004 dated 30th July 2004***
Web Link	http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo65&flag=1&mid=Insurance%20Laws%20etc.%20%3E%3E%20Regulations

Mi.7 - IRDA Micro Insurance Regulations

Vide this notification IRDA (Micro Insurance) Regulations have come into force with effect from 10th November, 2005. As per these regulations,

- all micro-insurance policies may be reckoned for the purposes of fulfillment of social obligations by an insurer pursuant to the provisions of the Act and the regulations made there under.
- Where a micro-insurance policy is issued in a rural area and falls under the definition of social sector, such policy may be reckoned for both under rural and social obligations separately.
- Minimum and Maximum Cover for General Insurance

Schedule-I [See Regulation 2 (d)]

Item	Type of Cover	Cover Amount in INR.		Term of Cover (Years)		Age at Entry (Years)	
		Min.	Max.	Min.	Max.	Min.	Max.
1	Dwelling & Contents or Livestock or Tools or Implements or other named Assets / or crop insurance against all perils	5,000 per Asset / Cover	30,000 per Asset / Cover	1	1	NA	NA
2	Health Insurance Contract (Ind)	5,000	30,000	1	1		

3	Health Insurance Contract (family) (Option to avail limit on Ind/ / float on family)	10,000	30,000	1	1	Insurer's Discretion	
4	Personal Accident (Per Life / Earning member of family)	10,000	50,000	1	1	5	70

Schedule-II [See Regulation 2 (e)]

Type of Cover	Cover Amount in INR.		Term of Cover (Years)		Age at Entry (Years)	
	Min.	Max.	Min.	Max.	Min.	Max.
Term Insurance with or without return of Premium	5,000	50,000	5	15	18	60
Endowment Insurance	5,000	30,000	5	15	18	60
Health Insurance Contract (Individual)	5,000	30,000	1	7	Insurer's Discretion	
Health Insurance Contract (Family)	10,000	30,000	1	7		
Accident Benefit as rider	10,000	50,000	5	15	18	60

Details	References
Circular	***F. No.IRDA/MI/3/2005 dated 24th November, 2005***
Web Link	http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo109&flag=1&mid=Microinsurance%20%3E%3E%20Regulations

Mi.8 - Revisions in Rural / Social Sector Targets

During the year 2008 some key revisions (III amendment) were made to the policies:

- Obligations after the sixth financial year (for new companies) –
    - Rural sector in respect of life insurer
        - 18% in the 7th Financial Year
        - 19% in the 8th Financial Year
        - 20% in the 10th Financial Year

      Of the total policies written direct that year
    - In respect of general insurers – 5% in the 7th financial year, 6% in the 8th financial year and 7% in the 9th and 10% financial year of the total gross premium income written direct in that year
    - Social sector in respect of all insurers
        - 25000 lives in the 7th financial year

- 35000 lives in the 8th financial year
- 45000 lives in the 9th financial year
- 55000 lives in the 10th financial year

- Obligations for existing companies

  - In respect of existing companies i.e. LIC, obligations in rural sector are 24% in the FY 2007-08 and 25% in the FY 2008-09 and 2009-10 of the total policies written in that year and in the social sector it is 25 lakh lives for the FY 2007-08, FY2008-09 and FY2009-10.
  - In respect of General insurers, it is 6% in FY 2007-08, 7% in FY 2008-09 and FY 2009-10 of the total gross premium income written direct in that year

  - For the Social Sector
    - For the year 2007-08 the average of number of lives covered by the respective insurer in the social sector from the financial years 2002-03 to 2004-05 or 5.50 lakh lives(Human), whichever is higher.
    - For the financial year 2008-09, the obligations of the existing insurers shall increase by 10% over the number of persons prescribed for the financial year 2007-08.
    - For the financial year 2009-10, the obligations of the existing insurers shall increase by 10% over the number of persons prescribed for the financial year 2008-09.

- Reinsurance premium shall not be included while calculating the obligations of the insurers in respect of the rural and social sectors.
- For the purpose of these regulations, compliance with the obligations towards the rural and social sectors in respect of both general and life companies shall be based on the sale of products conforming to the proviso that all such contracts meet the stipulation as to the minimum amount of cover as laid down in Schedules I and II of the Insurance Regulatory and Development Authority (Micro Insurance) Regulations, 2005.
- Every insurer shall submit a return, as part of the financial returns to be submitted under the IRDA (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002, the rural and social sector obligations specified under these regulations and disclose the level of compliance achieved during the said year. Such reporting shall form part of the "Notes to the Accounts".

Details	**References**
Circular	***F. No.IRDA/Reg/1/42/2008 dated January, 2008***
Web Link	***http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo292&flag=1&mid=Insurance%20Laws%20etc.%20%3E%3E%20Regulations***

Mi.9 - Relaxation for New Companies

During the same year 2008 (IV amendment) IRDA has given relaxation to new companies in terms of the rural or social sector obligations.

As per this amendment, in cases where an insurance company commences operations in the second half of the financial year and is in operations for less than six months as at 31st March of the relevant financial year, no rural or social sector obligations shall be applicable for the subject period and the annual obligations as indicated in the Regulations shall be reckoned from the next financial year which shall be considered as the first year of operations for the purpose of compliance.

In cases where an insurance company commences operations in the first half of the financial year, the applicable obligations for the first year shall be 50% of the obligations as specified in these regulations.

Details	References
Circular	***F. No. IRDA/Reg/2/43/2008 dated 25th January 2008***
Web Link	http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo291&flag=1&mid=Insurance%20Laws%20etc.%20%3E%3E%20Regulations

Mi.10 - Exposure draft on Micro Insurance (modifications) Regulations

On comprehensively examining the existing business model adopted under Micro Insurance vis-a-vis the extant regulations on Micro Insurance, the Authority proposed to review the IRDA (Micro Insurance) Regulations, 2005. Accordingly, an exposure draft on Micro Insurance (Modification) Regulations was issued for further and wider deliberations on the subject. Key propositions are:

- De-link the business figures of Social Security Schemes sponsored by various Governments from the Micro Insurance business figures submitted periodically
- Expansion of scope of MI Agents – to include DCCBs, PACs, RRBs, Individual agents living in rural areas, Individual owners of Kirana Shops / Fair Price Shops / Medical shops / Petrol Bunks / Individual Public Call Office (PCO)
- Fixing accountability to insurers and MI Agents on the premium collection, issue of receipts
- Higher commissions only if persistency is followed at least for the next 2 years.
- Eligibility Criteria of Micro Insurance Agents' Specified Persons

Details	References
Circular	***IRDA/LIFE/MI/2012, DATED 26-07-2012***
Web Link	***http://irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo1750&flag=1&mid=Insurance%20Laws%20etc.%20%3E%3E%20Exposure%20drafts***

Mi.11 - Micro insurance for people living with HIV/AIDS – exposure draft

IRDA has received representations from various stakeholders including public bodies and Government Authorities, to provide insurance cover to people living with HIV and to people in general including doctors and nurses etc who are vulnerable to HIV/AIDS, in Health Insurance policies.

On examining the issues, IRDA issued an Exposure Draft to provide insurance cover for persons living with HIV and people vulnerable to HIV / AIDS, under health insurance policies of both life and non-life insurance companies. IRDA proposed implementation of these orders to be effective from 1st October, 2012.

Details	References
Circular	***70/IRDA/HLT/Coverage of HIV/2011-12 dated 3rd February, 2012***
Web Link	***http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo1610&flag=1&mid=Insurance%20Laws%20etc.%20%3E%3E%20Exposure%20drafts***

Mi.12 - Life insurance coverage to SHG members

The matter regarding insurance coverage of SHG members was examined by the Working Group on NGOs and SHGs. The Group felt that the Rural Group Life Insurance Schemes introduced by the LIC in 1995 may as well be extended to cover SHG members also and the Working Group did not recommend for a separate group insurance exclusively for the members of SHGs.

It was suggested that it may be left to the discretion of NGOs and SHGs to go in for cover under any of the Rural Group Life Insurance schemes. However, it may be noted that such insurance cover should not be made a pre-condition for linking of SHGs whenever loans are sanctioned to them by the banks.

Mi.13 - Guidelines for entry of NBFCs into Insurance business

In the statement of Monetary and Credit Policy for the year 2000-2001 announced by RBI Governor on April 27, 2000 it was indicated, inter alia, that the guidelines for entry of NBFCs into insurance business would be announced shortly. Accordingly, on 9th June, 2000, RBI has issued the final guidelines after taking into account the views / suggestions / comments of the market participants. The aspirant NBFCs were advised to make an application along with necessary particulars duly certified by their statutory auditors to the Regional Office of Department of Non-Banking Supervision under whose jurisdiction the registered office of the NBFCs is situated. Key features of the guidelines are:

- Any non-banking financial company (NBFC) registered with RBI having net owned fund of Rs. 2 crore would be permitted to undertake insurance business as agent of insurance companies on fee basis, without any risk participation.
- All NBFCs registered with RBI which satisfy the eligibility criteria given below will be permitted to set up a joint venture company for undertaking insurance business with risk participation, subject to safeguards. The maximum equity contribution such an NBFC can hold in the joint venture company will normally be 50 per cent of the paid-up capital of the insurance company. On a selective basis, the Reserve Bank of India may permit a higher equity contribution by a promoter NBFC initially, pending divestment of equity within the prescribed period. The eligibility criteria for joint venture participant will be as under, as per the latest available audited balance sheet.

    i. The owned fund of the NBFC should not be less than Rs. 500 crore,
    ii. The CRAR of the NBFC engaged in loan and investment activities holding public deposits should be not less than 15% and for other NBFCs at 12% irrespective of their holding public deposits or not.
    iii. The level of net non-performing assets should be not more than 5% of the total outstanding leased/hire purchase assets and advances taken together,
    iv. The NBFC should have net profit for the last three continuous years,
    v. The track record of the performance of the subsidiaries, if any, of the concerned NBFC should be satisfactory,
    vi. Regulatory compliance and servicing public deposits, if held.

The provisions of RBI Act would be applicable for such investments while computing the net owned funds of the NBFC.

- In case where a foreign partner contributes 26 per cent of the equity with the approval of insurance Regulatory and Development Authority/Foreign Investment Promotion Board, more than one NBFC may be allowed to participate in the equity of the insurance joint venture. As such participants will also assume insurance risk, only those NBFCs which satisfy the criteria given in paragraph 2 above, would be eligible.

- No NBFC would be allowed to conduct such business departmentally. A subsidiary or company in the same group of an NBFC or of another NBFC engaged in the business of an non-banking financial institution or banking business will not normally be allowed to join the insurance company on risk participation basis.
- NBFCs registered with RBI which are not eligible as joint venture participant, as above can make investments up to 10 per cent of the owned fund of the NBFC or Rs.50 crore, whichever is lower, in the insurance company . Such participation shall be treated as an investment and should be without any contingent liability for the NBFC. The eligibility criteria for these NBFCs will be as under:

i. The CRAR of the NBFC (applicable only to those holding public deposits) should not be less than 12 per cent if engaged in equipment leasing/hire purchase finance activities and 15 per cent if it is a loan or investment company ;
ii. The level of net NPA should be not more than 5 per cent of total outstanding leased/hire purchase assets and advances;
iii. The NBFC should have net profit for the last three continuous years.

- All NBFCs registered with RBI entering into insurance business as agents or investors or on risk participation basis will be required to obtain prior approval of the Reserve Bank. The Reserve Bank will give permission to NBFCs on case to case basis keeping in view all relevant factors. It should be ensured that risks involved in insurance business do not get transferred to the NBFC and that the NBFC business does not get contaminated by any risks which may arise from insurance business.

Details	References
Circular	***DNBS.(PD).CC.No. 13 /02.01/99-2000 dated June 30, 2000***
Web Link	***http://rbi.org.in/scripts/NotificationUser.aspx?Id=199&Mode=0*** ***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/14089.pdf***

Mi.14 - Entry of NBFCs into insurance business – revised guidelines

Before entering into insurance business, NBFCs are required to obtain prior approval of the IRDA and RBI. It has now been decided that NBFCs registered with RBI may take up insurance agency business on fee basis and without risk participation, without the approval of RBI subject to the following conditions:

(i) The NBFCs should obtain requisite permission from IRDA and comply with the IRDA regulations for acting as 'composite corporate agent' with insurance companies.

(ii) The NBFCs should not adopt any restrictive practice of forcing its customers to go in only for a particular insurance company in respect of assets financed by the NBFC. The customers should be allowed to exercise their own choice.

(iii) As the participation by a NBFC's customer in insurance products is purely on a voluntary basis, it should be stated in all publicity material distributed by the NBFC in a prominent way. There should be no `linkage' either direct or indirect between the provisions of financial services offered by the NBFC to its customers and use of the insurance products.

(iv) The premium should be paid by the insured directly to the insurance company without routing through the NBFC.

(iv) The risks, if any, involved in insurance agency should not get transferred to the business of the NBFC.

However, NBFCs satisfying the eligibility criteria laid down in the guidelines dated June 9, 2000 contained in RBI circular No. DNBS(PD)CC.No.13/02.01/99-2000 dated June 30, 2000 and intending to set up insurance joint ventures with equity contribution on risk participation basis or making investments in the insurance companies, would need to continue obtaining the prior approval of the Reserve Bank.

Details	References
Circular/s	***1) DNBS.(PD).CC.No. 13 /02.01/99-2000 dated June 30, 2000*** ***2) RBI/2004 / 51 DNBS (PD) C.C. No. 35 / 10.24 / 2003-04 dated February 10, 2004***
Web Link/s	***http://rbi.org.in/scripts/NotificationUser.aspx?Id=199&Mode=0*** ***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/51301.pdf***

Mi.15 - Clarification on Micro Insurance Agents

During 2008 it was clarified that the Non-Government Organizations (NGOs) referred to at Sub-Clause (I) of Para 2 (f) of IRDA (Micro Insurance) Regulations, 2005, in addition to those registered as a Society, include all non-profit organizations registered with non-profit objective under the appropriate law (including companies registered under Section 25 of the Companies Act) to be treated as Micro Insurance Agents. The organizations should **also** concurrently satisfy all the eligibility criteria detailed in the above Regulation.

Details	References
Circular	***IRDA/F&A/062/Mar-08 dated March 12, 2008***
Web Link	***http://www.irdaindia.org/Finance_And_Analysis/circular_F&A12march08.htm***

Mi.16 - Scope of TPA Health Services

Queries were raised by several Third Party Administrator (TPA) - Health Services and other agencies, whether TPAs could enter into agreements with entities, other than insurance companies, for servicing their healthcare schemes.

It was clarified that if the task undertaken by the TPA Company is to undertake servicing of non-insurance healthcare schemes promoted, sponsored or approved by Central or State Governments, the IRDA has no objection to the TPAs undertaking that function.

Since TPAs also undertake claims processing on behalf of insurers it should, however, be ensured that there is no conflict of interest between the work undertaken on behalf of the Central and State Governments and the work taken up on behalf of the Insurance Companies.

It was also further clarified that the working capital requirements for attending to the work relating to the Central and State Governments shall be worked out separately and brought in additionally so as to ensure that the processing of claims on behalf of the Insurance Companies is in no way impaired.

The IRDA will not be responsible for administrative or financial transactions between the TPAs and the Central or State Governments. It, however, reserves its right to take appropriate action against the TPAs for serious acts of omission and commission brought to its notice by the Central or State Governments.

Details	References
Circular	***031/IRDA/TPA/05 dated 16th December, 2005***
Web Link	***http://www.irda.gov.in/ADMINCMS/cms/Circulars_Layout.aspx?page=PageNo531&flag=1&mid=Intermediaries%20%3E%3E%20TPA%20Health%20Services%20%3E%3E%20Circulars***

Mi.17 - Servicing of Health Insurance Schemes offered by bodies other than insurance companies

With a view to enhancing policyholders' services for Health Insurance, the IRDA had conceptualized the Third Party Administrator (TPA), as an intermediary. The IRDA thought it appropriate to define such an intermediary and permit to operate as an insurance intermediary on the strength of a license to operate issued by the IRDA.

The TPAs play an important role in delivering Health Insurance in a seamless manner to a policyholder. In order to effectively regulate the functioning of a TPA, IRDA has brought out the Third Party Administrator Health Services Regulations, 2001. Accordingly, a TPA can offer its services only to an insurance company and no other body.

In 2005, some of the TPAs represented to IRDA to permit them to offer these services to bodies other than insurance companies such as Central and State Governments. Even though, such permission was not entirely on all force with the provisions of the Regulations, the IRDA considered that the number of such schemes being extended by Central and State Governments was very small and consequently the IRDA, in December 2005, had issued a circular conveying that it has no objection to TPAs undertaking the servicing of non insurance healthcare schemes promoted, sponsored and approved by Central or State Governments.

Since the issuance of the circular dated 16 December 2005, the gross written premium of Health Insurance in India had shown a steady increasing trend with Rs.130.92 billion premium underwritten during 2011-12 as against Rs.114.80 billion during 2010-11 marking a growth of 14.05% over the previous year.

The Central Government and several State Governments have also introduced large insurance based health schemes such as the RSBY of Central Government, the Arogyashri scheme of the Government of Andhra Pradesh etc. In all these schemes the risk bearer is the insurance company which has been awarded the contract after following appropriate and transparent system as decided by the respective governments. Given the growth of the health insurance sector it is important that the systems in place for servicing the health insurance should be dynamic and effective in order to ensure the orderly growth of the health insurance business in India.

Lately, some Governments have issued tenders calling for the direct servicing by TPAs of health schemes promoted by them. Such schemes would not fall within the regulatory regime of the IRDA, as the risk carrier namely the Government is not subject to regulatory oversight of the IRDA.

Given the growth and likely future growth of the health insurance industry, there could be a regulatory burden with considerable reputation risk to the institutions and the industry, in the event of any act of omission and commission by any intermediary if acting directly as agent of the Government.

In the above circumstances, the earlier related notifications were withdrawn and a clarification that the Licensed TPAs cannot enter into arrangements for servicing health schemes promoted, sponsored or approved by any non-insurance body including Central, State, Local Governments, Firms, Corporates etc. during the subsistence of the TPA license granted by the IRDA.

If anybody currently licensed to operate as a TPA in India is desirous of offering such services to schemes promoted, sponsored or approved by any body other than insurance companies, such a TPA shall first surrender its TPA license and remove itself from the regulatory purview of the IRDA and thereafter may pursue such course of action as it deemed appropriate. It may be noted that on surrender of license, the body shall not carry the word TPA in its name.

All Insurance Companies are directed to ensure that the TPA with whom they seek to enter or have entered into an agreement to render “Health Service” does not have any similar arrangement after the issuance of this Circular for servicing parties other than insurance companies and shall obtain a specific undertaking as stated in # 16 of the clarifying circular, prior to engaging or continuing to engage their services.

Details	References
Circular	***IRDA/NL/CIR/HLTH/207/09/2011 dated 6th June, 2011***
Web Link	***http://www.irda.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo1410&flag=1***

Mi.18 - Rashtriya Swasthya Bima Yojana (RSBY)

Ministry of Labour and Employment, GoI has launched a Health Insurance Scheme for BPL families which is called Rashtriya Swasthya Bima Yojana (RSBY). The beneficiary is any BPL family, whose information is included in the district BPL list prepared by the State government. The eligible family needs to come to the enrollment station, and the identity of the household head needs to be confirmed by the authorized official.

Salient features of the scheme are:

- Provides cover for hospitalization expenses upto Rs.30,000/- for a family of five on a floater basis. Transportation charges are also covered upto a maximum of Rs.1,000/- with Rs.100/- per visit.
- Government pays the premium for RSBY. Central Government pays 75% of the total premium (90% in case of Jammu & Kashmir and North east States) while State Government pays the remaining premium. Beneficiaries need to pay Rs.30 per family at the time of enrollment.

Details	References
Web Link/s	***http://labour.nic.in/upload/uploadfiles/files/schemes/SwasthyaBimaYojana.pdf*** ***http://www.rsby.gov.in/Documents.aspx?id=1***

Micro Insurance - Quick Index to Circulars

Title	Circular Reference/links
Imbibed in the act as entry norms with penalty norms for failure to comply	Insurance Act and IRDA Act
Modifications - obligations to rural social sector – 2000 **Obligations of existing insurers**	***F.No.IRDA/Reg./7/2000.—dated 14th July, 2000***
Revision in definition of rural sector	No.231 dated 16th October, 2012
Revision in definition of rural sector	F. No.IRDA/Reg/3/2004 dated 30th July 2004
IRDA micro insurance regulations	F. No.IRDA/MI/3/2005 dated 10th November, 2005
Revisions in rural / social sector targets	F. No.IRDA/Reg/1/42/2008 dated 3rd January, 2008

Relaxation for new companies	F. No. IRDA/Reg/2/43/2008 dated 25th January 2008
Exposure draft on micro insurance (modifications) regulations	IRDA/LIFE/MI/2012, DATED 26-07-2012
Micro Insurance for people living with HIV/aids – exposure draft	70/IRDA/HLT/Coverage of HIV/2011-12 dated 3rd February, 2012
Life insurance coverage to SHGs members	NB.DPD.FS.677/CDID/92A/96-97 dated 22 July 1997
Guidelines for entry of NBFCs into insurance business	DNBS.(PD).CC.No. 13 /02.01/99-2000 dated June 30, 2000
Entry of NBFCs into insurance business – revised guidelines	RBI/2004 / 51 DNBS (PD) C.C. No. 35 / 10.24 / 2003-04 dated February 10, 2004
Clarification on micro insurance agents	IRDA/F&A/062/Mar-08 dated March 12, 2008
Scope of Third Party Administrator (TPA) health services	031/IRDA/TPA/05 dated 16th December, 2005
Servicing of health insurance schemes offered by bodies other than insurance companies	IRDA/NL/CIR/HLTH/207/09/2011 dated 6th June, 2011
Rashtriya Swasthya Bima Yojana (RSBY)	IRDA/ACT/CIR/MISC/154/09/2010

CHAPTER V

MICRO PENSIONS

Mp.1 – Micro Pensions

The essential requirement of Micro Pension Plans is to ensure that low-income earners and the poor are taken care against uncertain future and old-age poverty. While formulating Micro Pension Plans requires a judicial balance between sustainability, generation of adequate returns and customized features for the participants they also need to address design, efficiency, administrative and more importantly the governance issues.

Micro Pensions require marketing thrust as much as regulations.

Towards this, the Pension Fund Regulatory and Development Authority (PFRDA) has been created.

Mp.2 - Constitution of Pension Fund Regulatory and Development Authority (PFRDA)

On the 23rd of August, 2003, GoI approved the proposal relating to the introduction of a new, restructured and defined contribution pension system for new entrants to Central Government service (except to Armed Forces) in the first stage, replacing the then existing system of defined benefit pension system. The new system will also be available, on a voluntary basis, to all persons including self-employed professionals and others in the unorganized sector.

However, mandatory programmes under the Employee Provident Fund Organization (EPFO) and other special provident funds would continue to operate as per the existing system under the Employee Provident Fund and Miscellaneous Provisions Act, 1952 and other special Acts governing those funds. Pending the enactment of a comprehensive legislation, GoI constituted an interim Pension Fund Regulatory and Development Authority (PFRDA) under the overall administrative control of the Ministry of Finance.

The PFRDA shall regulate and develop the pension market. PFRDA will develop its own funding stream based on user charges. Such additional functions as may be considered necessary to the interim PFRDA may be assigned to enable it to effectively regulate, promote and ensure the orderly growth of the pension market.

The interim PFRDA would be headed by a Chairman with the status of not less than a Secretary to the Government of India and would be appointed by GoI. The Government will provide adequate grants for meeting the expenses incurred by the PFRDA.

Subject to the overall directions and guidelines of the Government the PFRDA shall –

(a) Deal with all matters relating to promotion and orderly growth of pension market;

(b) Propose comprehensive legislation for the purpose indicated above; and

(c) carry out such other functions as may delegated to the Authority for the purposes indicated in (a) and (b) above.

The PFRDA shall be free to determine its own procedures and will have powers to call for records, returns, notes, memoranda, data or any other material relevant to its working from official and non-official bodies and also hold discussions with them.

Details	References
Circular	***F. No.5/7/2003-ECB & PR dated 10th October, 2003***
Web Link	***http://pfrda.org.in/writereaddata/sublinkimages/67039591317.pdf***

Mp.3 - Operationalising the New Pension System

Beginning the 1st of January 2004, the system was made mandatory for all new recruits to the Central Government Services (except the armed forces in the first stage). The monthly contribution would be 10% of the salary and DA to be paid by the employee and matched by the Central Government. There will be no contribution from the Government in respect of individuals opting for the Pension system and who are not Government employees.

The contributions and investment returns would be deposited in a non-withdrawal pension Tier-I account. The existing provisions of defined benefit pension and General Pension Fund (GPF) would not be available to the new recruit in the central Government service. Individuals can normally exit on or after age 60 years for Tier-I of the pension system. While exiting the individual would be mandatorily required to invest 40% of pension wealth to purchase an annuity (from an IRDA-regulated life insurance company).

In case of Government employees, the annuity should provide for pension for the lifetime of the employe and his dependent parents and his spouse at the time of retirement. The individual would receive a lump-sum of the remaining pension wealth, which he would be free to utilise in any manner. Individual would have the flexibility to leave the pension system prior to age 60. However, in this case, the mandatory annuitisation would be 80% of the pension wealth.

In addition to the above Tier-I pension account, each individual may also have a voluntary Tier-II withdrawable account at her/his option. This option, given as GPF will be withdrawn for new recruits in Central Government Service. Government will make no contribution into this account of the individual. However, the employee would be free to withdraw part or all of the money anytime from this Tier-II account. This withdrawable account does not constitute pension investment, and would attract no special tax treatment.

The assets created by both these accounts would be managed through prescribed procedures.

Architecture of the New Pensions System (NPS):

The system will have a Central Record-keeping and Accounting (CRA) infrastructure, several Pension Fund Managers (PFMs) to offer the schemes. The participating entities (PFMs and CRA) would release easy to understand information about past performance so that the individuals would be able to make informed choices about which scheme to choose. The effective date for operationalisation of the new pension system shall be from 1st of January, 2004.

Details	References
Circular	***F. No.5/7/2003-ECB & PR dated 22nd December 2003***
Web Link	***http://pfrda.org.in/writereaddata/sublinkimages/79943079516.pdf***

Mp.4 - Renewal of the PFRDA

Though the PFRDA Ordinance No. 8 of 2004 was promulgated on 29th December, 2004, the same elapsed on the 7th April, 2005 and it was advised that as a measure of abundant caution, it would be desirable to reissue the October 2003 resolution with minimal changes as are necessary. Accordingly, a notification was issued on the 14th of November, 2008 making it effective retrospectively w.e.f. from 8th April, 2005.

Details	References
Circular	***F. No.1(6) 2007-PR dated 14th November, 2008***
Web Link	***http://pfrda.org.in/writereaddata/sublinkimages/Notification_November_14_2008978597363.pdf***

Mp.5 - Extension of New Pension System to all citizens

As the Central Government made the New Pension System (NPS) mandatory for its new recruits (except defence forces) from 1st January, 2004, a majority of State Governments have also shifted to the defined contribution based NPS from different dates. The NPS architecture, consisting of the NPS Trust, CRA, PFMs, Trustee Bank and Custodian, was made operational for Central Government employees from 1st April, 2008. The NPS architecture has also been offered to the State Governments to manage the pension corpus of their employees. The State Governments are at different stages to adopting the NPS.

Earlier, in August 2008, GoI had decided to offer NPS to all citizens of India on a voluntary basis. Accordingly, PFRDA took necessary steps to scale up the existing infrastructure to roll-out the NPS for all citizens. 22 Points of Presence (PoPs) and six PFMs have been appointed by PFRDA for offering NPS to all citizens.

Branches of the registered PoPs designated as PoP Service Providers (PoP-SP) will act as the initial point of contact and collection point for all citizens, other than Government employees, desiring to obtain a Permanent Retirement Account Number (PRAN) under NPS. The necessary infrastructure for the roll-out of NPS was ready and the New Pension System was made available to all citizens of India from 1st May, 2009. Tier-I (non-withdrawable Pension) account of the NPS became operational from that date and Tier II (withdrawable account) of the NPS account in about six months later.

Details	References
Press Release	***PFRDA Press Release dated April 30, 2009***
Web Link	***http://pfrda.org.in/writereaddata/linkimages/Press%20release%2030_04_09815593664.pdf***

Mp.6 - Investment guidelines for all citizens on the NPS

Subsequent to the submission of the Report of Experts Group chaired by Mr. Deepak Parekh, the investment guidelines for the New Pension System for all citizens of India, other than Government employees, covered by NPS have been under consideration of PFRDA. The recommendations of the Expert Group and the draft views of PFRDA were posted on the Web site of PFRDA inviting comments from the public and stakeholders. The comments from the public and other stakeholders were considered and the outline of the investment guidelines was finalized for the New pension System for all Citizens of India.

Details	References
Guidelines	***Detailed investment guidelines for all citizens under the New Pension System from PFRDA***
Web Link	***http://pfrda.org.in/writereaddata/linkimages/investment%20guidelines%2030_04_092418358081.pdf***

Mp.7 - Swavalamban scheme

During the budget presented for the year 2010-11, the launch of Swavalamban Scheme, a co-contributory pension scheme for the unorganized sector, was announced.

Under to this scheme, Government will contribute Rs. 1,000 per year to each NPS account opened in the year 2010-11. This initiative, “Swavalamban” will be available for persons who join NPS, with a minimum contribution of Rs. 1,000 and a maximum contribution of Rs. 12,000 per annum during the financial year 2010-11. The scheme will be available for another three years from then on. It will benefit about 1.0 Million NPS subscribers from the un-organised sector.

Accordingly, an allocation of Rs. 1.0 Billion for the year 2010-11 has been made in the budget. The scheme will be managed by the interim PFRDA. The State Governments were appealed to contribute a similar amount to the scheme and participate in providing social security to the vulnerable sections of the society.

In the budget announcement for the year 2011-12, the exit norms were relaxed, whereby a subscriber under Swavalamban scheme will be allowed exit at the age of 50 years instead of 60 years or a minimum of tenure of 20 years, whichever is later.

Extension of the benefit of Government contribution from three to five years for all subscribers of Swavalamban who enroll during 2010-11 and 2011-12 was also proposed.

Details	References
Flyer	***'National Pension System (NPS) - ensuring old age income security for all'***
Web Link/s	***http://financialservices.gov.in/pensionreforms/SwavalambanScheme.asp?pageid=1*** ***http://pfrda.org.in/writereaddata/linkimages/NPS%20Lite_Flyer4458690618.pdf***

Mp.8 - Operationalising of Swavalamban scheme

The GoI had approved the Operational Guidelines for the Swavalamban Scheme which was announced in the Budget of 2010-11. The Scheme is applicable to all citizens in the unorganized sector who join the New Pension Scheme (NPS) subject to their meeting the eligibility criteria.

In recognition of their faith in the NPS, all NPS accounts opened in the year 2009-10 will also be entitled to the benefit of Swavalamban, subject to fulfillment of the eligibility criteria. A person will have the option to join the NPS as an individual as per the existing scheme or through the CRA approved by PFRDA.

The exit from the Swavalamban Scheme would be on the same terms and conditions on which exit from Tier-I account of NPS is permitted and will be subject to the condition that the minimum pension out of the accumulated pension wealth would be Rs. 1,000 per month, in accordance with the provisions of Operational Guidelines.

Details	References
Web Link to PFRDA's Press Release	***http://pfrda.org.in/writereaddata/linkimages/Press%20Release%2017th%20August%202010946799412.pdf***

Mp.9 - Swavalamban Scheme – Operational Guidelines

Salient features of the Swavalamban Scheme are:

- Applicable to all citizens in the un-organised sector who join the NPS administered by the Interim PFRDA
- Contribution from Government @ Rs.1,000 per year to each NPS account opened in the year 2010-11 and for the next 3 years there on. Benefit available only to persons who join the NPS with a minimum contribution of Rs.1,000 and maximum contribution of Rs.12,000 per annum.
- As a special case and in recognition of their faith in the NPS, all NPS accounts opened in 2009-10 will be entitled to the benefit of Government contribution under this scheme as if they were opened as new accounts in 2010-11 subject to the condition that they fulfill all the eligibility criteria prescribed under these guidelines.

Details	References
Operational Guidelines	***'Swavalamban Scheme: Operational Guidelines' from PFRDA***
Web Link	***http://pfrda.org.in/writereaddata/linkimages/Swavalamban%20Scheme%20final7732870516.pdf***

Mp.10 - Swavalamban Scheme – Operational Guidelines

It was announced that the Swavalamban scheme has been extended until 2016-17.

Details	References
Scheme Extension	***'Extension of Swavalamban Scheme until 2016-17' PFRDA announcement on their website***
Web Link	***http://financialservices.gov.in/pensionreforms/PR_newinitiatives.asp***

Mp.11 – Exit Guidelines under NPS

PFRDA has issued necessary instructions to CRA for implementation of the withdrawal process under National Pension System (NPS) for all sectors viz., Government Employees, All Citizen model and Swavalamban scheme. The said information is being re-iterated hereunder for the information of all stakeholders for a better appreciation of the matter.

Details	References
Scheme Extension	***PFRDA's Master Circular on Exit rules under NPS for government employees Ref: Cir no: PFRDA/ 2013/2/ PDEX / 2 SL-2 dated January 22, 2013***
Web Link	***http://pfrda.org.in/writereaddata/linkimages/MASTER%20CIRC%20on%20Product%20DEX8020052527.pdf***

Mp.12 – Further Exit Guidelines under NPS

In partial modification of exit guidelines provided under master circular no. PFRDA/2013/2/PDEX/2 (at Serial no: 2 & 3) dt. 22/01/2013, it has been decided to provide an option to withdraw the entire accumulated pension wealth to subscribers other than the subscribers of NPS Lite – Swavalamban Scheme, subject to the condition that:

The accumulated pension wealth in the subscribers permanent retirement account is equal to or less than Rs.200,000/- at the time of superannuation for government employee subscribers or upon attaining the age of 60 years for subscribers falling under All Citizen Model and Corporate Model.

Details	References
Scheme Extension	***PFRDA's Guidelines Ref: PFRDA/2013/17/PDEX/10 dated 23rd October, 2013***
Web Link	***http://postalinspectors.blogspot.in/2013/10/exit-guidelines-under-national-pension.html***

Mp.13 – List of Latest and Relevant Pension Related Circulars from PFRDA

A list of latest relevant circulars from PFRDA could be referred from this link.

Details	References
Web Link	***http://pfrda.org.in/indexmain.asp?linkid=194***

Micro Pensions - Quick Index of Circulars

Title	Circular Reference
Constitution of Pension Fund Regulatory and Development Authority	F. No.5/7/2003-ECB & PR dated 10th October, 2003
Operationalisation of the New Pension System	F. No.5/7/2003-ECB & PR dated 22nd December 2003
Renewal of PFRDA	F. No.1(6) 2007-PR dated 14th November, 2008
Extension of NPS to all citizens	PFRDA Press Release dated April 30, 2009
Detailed investment guidelines for all citizens under the new pension system	Guidelines
Swavalamban scheme	Flyer
Operationalising the Swavalamban scheme	Press Release
Swavalamban scheme – Operational guidelines	Guidelines
Extension of Swavalamban Scheme till 2016-17	Announcement
Exit Guidelines under NPS	PFRDA's Master Circular on Exit rules under NPS for government employees Ref: Cir no: PFRDA/ 2013/2/ PDEX / 2 SL-2 dated January 22, 2013
Further Exit Guidelines under NPS	PFRDA's Guidelines Ref: PFRDA/2013/17/PDEX/10 dated 23rd October, 2013
Reference to List of Master and other Circulars from PFRDA	

CHAPTER VI

MONEY TRANSFERS AND REMITTANCES

Mtr.1 - Money Transfers and Remittances

Money Transfer or Remittance is a process of sending money from one place to another or from one individual / establishment to other individual / establishment in another location in a secured and speedy manner.

Money is transferred for various reasons viz., as payment for goods and services received or as salary to household, as allowance, to pay for or remove an obligation like paying off debts.

Money transfers could also be Conditional Transfers where a set condition or conditions must be fulfilled to be eligible to receive the transfer. Mostly such transfers take place in the Poverty Alleviation Programmes where certain pre-conditions need to be met and cash would be transferred possibly from an escrow account.

In India mostly the migrant work force need the money transfer and remittance services and currently the latest Electronic / Direct Benefit Transfer (EBT / DBT) system requires a robust, secure and effective money transferring & remittance system.

Whatever be the reason for money transfers / remittances, the primary purpose is speed and expediting.

Traditionally money was transferred as cash through persons / couriers, which later on was through post via money orders / wire / telegraphic transfers. As technology improved and internet started ruling, transfers also became technology oriented giving way to web-based transfers of money like National Electronic Funds Transfer (NEFT) system / Real Time Gross Settlement (RTGS), and through ATMs were made possible. As more technological advancement is made the latest is mobile money where all transactions could be through mobile phones where distance matters very little but time matters much.

In India Post Offices and Banks have been undertaking the transfer of money transactions and later are complemented by organisations such as 'Western Union' and 'Money Gram'.

Mtr.2 - Remittances through India Post

India Post offers various remittance services to meet the demands of various sections of the society. The remittance services of India Post are available for both domestic and international locations through the services as;

- Money Order
- Electronic Money Order
- Instant Money Order
- MO Videsh
- International Money Transfer Service
- Electronic Clearance Services (ECS)
- Money gram International Money Transfer

India Post has introduced web-enabled remittances to offer faster services.

Details	References
Offer	***Offer of Money Transfer & Remittance Services from India Post on their web site***
Web Link	***http://www.indiapost.gov.in/Money_Remittance_Services.aspx***

Mtr.3 - Money Transfer Service Scheme (MTSS)

Money Transfer Service Scheme (MTSS) is a quick and easy way of transferring personal remittances from abroad to beneficiaries in India. Only inward personal remittances into India such as remittances towards family maintenance and remittances favouring foreign tourists visiting India are permissible. Under MTSS, the remitters and the beneficiaries are individuals only.

The system envisages a tie-up between reputed money transfer companies abroad known as Overseas Principals and agents in India known as Indian Agents, who would disburse the funds to the beneficiaries in India at ongoing exchange rates.

No outward remittance from India is permissible under MTSS. The Indian Agent is not allowed to remit any amount to the Overseas Principal.

In terms of powers granted under Section 10 (1) of Foreign Exchange Management Act (FEMA), 1999, the Reserve Bank of India may accord necessary permission (authorization) to any person to act as an Indian Agent under the Money Transfer Service Scheme.

No person can handle the business of cross-border money transfer to India in any capacity, unless specifically permitted by the Reserve Bank.

Clarifying the above, in detail, RBI has issued General Guidelines, Rules and Regulations and a Master Circular.

Details	References
Circulars	***1) RBI/2012-13/1 Master Circular No.1/2012-13 dated July 02, 2012 2) RBI/2013-14/1 Master Circular No.1/2013-14 dated July 01, 2013***
Guidelines	***General Guidelines for seeking permission for Money Transfer Service Scheme (MTSS)***
Rules & Regulations	***RBI Rules & Regulations – Foreign Exchange Services (as part of Remittances)***
Web Links	***http://www.rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=7308*** ***http://www.rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=8093*** ***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/36647.pdf*** ***http://www.ingvysyabank.com/pdf's/RBI%20Rules.pdf***

Mtr.4 - Relaxations in Domestic Money Transfers

At present only banks are permitted to initiate money transfers in the country through the NEFT / RTGS methods subject to adherence of Know Your Customer / Client (KYC) / Anti Money Laundering (AML) guidelines. A large number of people, particularly the migrant population, do not have access to formal banking channels for want of proof of identity/address. Consequently, they face difficulties in using the authorized channels for transferring funds.

RBI has been receiving frequent representations to open up the formal banking channel to facilitate fund transfers of small value, subject to monthly ceilings and monitoring, to give impetus to the process of financial inclusion. RBI has issued these guidelines after having reviewed the related issues. These relaxations are expected to provide money transfer facilities in a safe, secure and efficient manner across the length and breadth of the country. The relaxations fall under the following three categories:

a. Liberalizing the cash pay-out arrangements for amounts being transferred out of bank accounts to beneficiaries not having a bank account and enhancing the transaction cap from the existing limit of Rs. 5,000 to Rs. 10,000 subject to an overall monthly cap of Rs. 25,000 per beneficiary.

b. Enabling walk in customers not having bank account (for instance migrant workers) to transfer funds to bank accounts (of say family members or others) subject to a transaction limit of Rs. 5,000 and a monthly cap of Rs. 25,000 per remitter.

c. Enabling transfer of funds among domestic debit/credit/pre-paid cards subject to the same transaction/monthly cap as at (b) above.

Operational instructions are annexed to the circular.

Details	References
Circular	***RBI/2011-12/213 DPSS.PD.CO.No. 622 / 02.27.019 / 2011-2012 October 5, 2011***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/CRD051011F.pdf***

Mtr.5 - Mobile Banking Transactions in India - Operative Guidelines for Banks

Mobile phones, as a medium for providing banking services, have been attaining greater importance. In order to ensure a level playing field and considering that the technology is relatively new, Reserve Bank has brought out a set of operating guidelines for adoption by banks. The guidelines that have been finalised following a wide consultative process address Regulatory & Supervisory Issues, Registration of Customers for Mobile Services, Technology & Security Standards, Clearing and Settlement for inter-bank funds transfer transactions, Transactions Limits, Inter-Operability and Customers Complaints and Grievance Redressal Mechanism.

Salient features of the guidelines are:

- Only banks which are licensed and supervised in India and have a physical presence in India will be permitted to offer mobile banking services.

- The services shall be restricted only to customers of banks and/or holders of debit/credit cards issued as per the extant Reserve Bank of India guidelines.
- Only Indian Rupee based domestic services shall be provided. Use of mobile banking services for cross border inward and outward transfers is strictly prohibited.
- Banks may also use the services of Business Correspondent appointed in compliance with RBI guidelines, for extending this facility to their customers.
- The guidelines issued by Reserve Bank on “Know Your Customer (KYC)”, “Anti Money Laundering (AML)” and Combating the Financing of Terrorism (CFT) from time to time would be applicable to mobile based banking services also.
- Only banks who have implemented core banking solutions would be permitted to provide mobile banking services.
- The long term goal of mobile banking framework in India would be to enable funds transfer from account in one bank to any other account in the same or any other bank on a real time basis irrespective of the mobile network a customer has subscribed to. This would require interoperability between mobile banking service providers and banks and development of a host of message formats. To ensure inter-operability between banks, and between their mobile banking service providers, banks shall adopt the message formats like ISO 8583, with suitable modification to address specific needs.
- For the present, banks are permitted to offer this facility to their customers subject to a daily cap of Rs. 5000/- per customer for funds transfer and Rs.10,000/- per customer for transactions involving purchase of goods/services.

Details	References
Circulars	***RBI/2008-09/208 DPSS.CO.No.619/02.23.02/ 2008-09 dated October, 08, 2008***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/87664.pdf***

Mtr.6 - Mobile Banking Transactions in India – Revised Operative Guidelines for Banks

Based on the requests received from several banks as a response to the guidelines issued by RBI on Mobile Banking Transactions, the guidelines were modified as under:

Transaction limit:

In amendment of provisions of paragraph 8.1 of the above guidelines, banks are now permitted to offer this service to their customers subject to a daily cap of Rs 50,000/- per customer for both funds transfer and transactions involving purchase of goods/services. Presently, such transactions are subject to separate caps of Rs 5000/- and Rs 10000/ -respectively.

Technology and Security Standard:

Transactions up to Rs. 1,000/- can be facilitated by banks without end-to-end encryption. The risk aspects involved in such transactions may be addressed by the banks through adequate security measures.

Remittance of funds for disbursement in cash:

In order to facilitate the use of mobile phones for remittance of cash, banks are permitted to provide fund transfer services which facilitate transfer of funds from the accounts of their customers for delivery in cash to the recipients. The disbursal of funds to recipients of such services can be facilitated at ATMs or through any agent(s) appointed by the bank as business correspondents. Such fund transfer service shall be provided by banks subject to the following conditions:-

1) The maximum value of such transfers shall be Rs 5000/- per transaction.

2) Banks may place suitable cap on the velocity of such transactions, subject to a maximum value of Rs 25,000/- per month, per customer.

3) The disbursal of funds at the agent/ATM shall be permitted only after identification of the recipient. In this connection, attention of banks is drawn to the provisions of the Notification dated November 12, 2009, issued by Government of India, under Prevention of Money Laundering Act, 2002, as amended from time to time.

Details	References
Circular	***RBI/2009-10/273 DPSS.CO.No.1357/02.23.02/ 2009-10 dated December 24, 2009***
Web Link	***http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/MGR241209.pdf***

Mtr.7 – 'At least one bank account for one family' - launch of campaign

Convener Banks of SLBC have been advised to take up the matter of EBT of subsidies under the 32 Schemes of GoI, by which, benefits are to be given directly into the accounts of the beneficiaries who can then withdraw them from the bank branch or the ATM or the micro ATM, as detailed in paragraph 7 of the Master Circular on Strategy and Guidelines on Financial Inclusion (issued on 4th April, 2012) relating to Electronic Benefit Transfer.

For such electronic transfer of subsidies, it is important that the beneficiaries have an account in the service area bank in tune with the guidelines of the RBI on "One District–Many Banks–One Leader Bank" model.

In view of the above, it was decided by the Department of Financial Services that:-

(i) Each bank will launch a campaign to ensure that each family living in the service area of a branch having rural villages attached to it has an account with the branch. If the family already has an account, no new account needs to be opened.

(ii) In cases where the family already has more than one account in the name of its member(s), they may be encouraged to combine these into a Joint Family Account. However, in case the family wishes to continue with the separate account(s), they should be allowed to maintain such account(s).

(iii) There are no requirements of Government of India to open separate account for each benefit, hence, no account be opened of the family scheme-wise.

(iv) For this purpose, the last electoral roll of each village may be obtained and they may be assigned to respective BCA for the sub-service area assigned to them and where there is no BCA to any other staff of nearby branch for opening of bank account.

v) Wherever the account holder has obtained an Aadhaar number, the same should also be obtained at the time of opening of account and included in the account details.

(vi) During the campaign, people may be motivated to get their account opened in banks considering that banks are already on the Core Banking Solution and electronic transfer of subsidies to the account of the beneficiary and its withdrawal through the huge network of branches/ATM/micro ATMs will be convenient.

It needs to be ensured that opening of new account and changes in the existing account is completed by June, 2012.

Details	References
Announcement	***Campaign announcement by Department of Financial Services, MoF, GOI***
Web Link	***http://financialservices.gov.in/ncapp/Document.aspx***

Money Transfers & Remittances – Quick Index of Circulars

Title	Circular Reference
Mobile Banking transactions in India - Operative Guidelines for Banks	RBI/2008-09/208 DPSS.CO.No.619/02.23.02/ 2008-09 dated October, 08, 2008
Mobile Banking transactions in India - Operative Guidelines for Banks – Revised	RBI/2009-10/273 DPSS.CO.No.1357/02.23.02/ 2009-10 dated December 24, 2009
Relaxations in Domestic Money Transfers	RBI/2011-12/213 DPSS.PD.CO.No. 622 / 02.27.019 / 2011-2012 October 5, 2011
Launch of Campaign – At least one bank account for one family	Please refer to circular in Chapter on Savings on One Bank Account for One Family ….
Remittances through India Post	*http://www.indiapost.gov.in/Money_Remittance_Services.aspx*

CHAPTER VII

MICRO LEASING

MI.1 – Micro Leasing

As the Micro enterprises of the low income group entrepreneurs flourish, spurred by the microfinance efforts, the business persons would need to graduate to small enterprises from micro enterprises. They would be needing machinery, tools and equipment which require investing into a locked capital.

That is when Micro Leasing can come to their support. Through Micro leasing, the developing entrepreneurs can lease the required equipment either on a Financial Lease methodology or an operational lease methodology.

In the financial leasing system, the entrepreneur would be paying instalments on monthly or quarterly rests as agreed upon for buying equipment or such and at the end the equipment could be acquired by the entrepreneur for a residual value.

In the operational lease methodology, equipment would be bought by the 'Lessor' and the entrepreneur, as the 'Lessee" would lease the equipment for the limited time of requirement by paying out on monthly / quarterly rests as agreed upon. In this case, the Lessee will not be able to take possession of the equipment after the lease period completes.

Depending on the taxation rules of countries, Lease instalments can be considered as part of business operating expenses and thus could help in reduction of tax payments.

Leasing can be taken as a) Individuals, b) In Groups and / or c) as Communities such as producer companies etc.

MI.2 - Classification of NBFCs – Equipment Leasing – Hire Purchase – RBI directions

In India, usually leasing / hire purchase activities are offered by Leasing Companies registered usually as NBFCs.

RBI gave directions to the NBFCs that:

"equipment leasing company" means any company which is a financial institution carrying on as its principal business, the activity of leasing of equipment;

"hire purchase finance company" means any company which is a financial institution carrying on as its principal business the activity of hire purchase transactions;

"non-banking financial company" means only the non-banking institution which is a loan company or an investment company or a hire purchase finance company or an equipment leasing company or a mutual benefit financial company;

Details	References
Circular	***RBI/2006-07/41 DNBS (PD) CC No.75 / 03.02.01/ 2006-07 dated July 1, 2006***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/71239.pdf***

MI.3 – Re-Classification of NBFCs – Equipment Leasing Companies as Asset Finance Companies

A request was received by RBI from the representatives of the NBFC sector to provide a separate classification for NBFCs engaged in financing tangible assets. Companies engaged in financing real / physical assets supporting economic activity such as automobile, general purpose industrial machinery and the like would generally correspond to the classification as asset finance companies. Accordingly, it has been decided to re-classify the NBFCs. Presently, the four different groups for the purpose of acceptance of deposits by NBFCs defined in paragraph 2(1) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 are:

(i) Equipment Leasing (EL) means any company which is a financial institution carrying on as its principal business, the activity of leasing of equipment;

(ii) Hire-Purchase (HP) means any company which is a financial institution carrying on as its principal business the activity of hire purchase transactions;

(iii) Investment Companies (IC) means any company which is a financial institution carrying on as its principal business the acquisition of securities; and

(iv) Loan Companies (LC) means any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an equipment leasing company or a hire-purchase finance company

Consequent upon re-classification of NBFCs, companies financing real / physical assets for productive / economic activity will be classified as Asset Finance Companies (AFCs). In the proposed that the structure of the NBFCs now would emerge as:

(i) Asset Finance Company

(ii) Investment Company

(iii) Loan Company

AFC would be defined as any company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive / economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real / physical assets supporting economic activity and income arising there from is not less than 60% of its total assets and total income respectively.

The remaining companies would be continued to be classified as loan / investment companies.

Details	References
Circular	***RBI / 2006-07/200 DNBS.PD. CC No. 85 / 03.02.089 /2006-07 dated December 06, 2006***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/74536.pdf***

MI.4 - AFCs as deemed Loan Companies

Consequent upon re-classification of NBFCs, in the proposed structure the following categories of NBFCs will emerge: (i) Asset Finance Company; (ii) Investment Company; (iii) Loan Company

Accordingly, it was advised that the companies satisfying the conditions specified may approach the Regional Office in the jurisdiction of which their Registered Office is located, along with the original Certificate of Registration (CoR) issued by the Bank to recognize their classification as Asset Finance Companies. Their request must be supported by their Statutory Auditors' certificate indicating the asset / income pattern of the company.

The change in classification would be incorporated in the Certificate of Registration issued by the Bank as NBFC-Asset Finance Company; NBFC-D-AFC if accepting deposits and NBFC-ND-AFC, if not accepting deposits.

As substantial time has elapsed, since the issue of the circular, it has now been decided that erstwhile Equipment Leasing (EL) / Hire Purchasing (HP) NBFCs should, duly supported by Statutory Auditors' Certificate, approach the Regional Office concerned, for appropriate classification, failing which, the NBFCs which have not opted for the classification would be deemed to be loan companies.

Details	References
Circular	***RBI / 2008-09/167 DNBS.PD. CC No. 128 / 03.02.059 /2008-09 dated September 15, 2008***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/86980.pdf***

MI.5 - Guidelines to Banks on Equipment Leasing, Hire Purchase Business and Factoring Services

To clarify on all aspects of Leasing and Hire Purchase activities being undertaken / to be undertaken by bankers, RBI has issued a Master Circular.

Among others, the most important conditions for the banks to undertake Leasing / Hire Purchase Business activities are:

- Banks can undertake certain eligible financial services or para-banking activities either departmentally or by setting up subsidiaries.

  Banks may form a subsidiary company for undertaking the types of business which a banking company is otherwise permitted to undertake, with prior approval of Reserve Bank of India.

Equipment leasing, Hire purchase business and Factoring services

- The subsidiaries formed should primarily be engaged in any of these activities and such other activities as are incidental to equipment leasing, hire purchase business and factoring services. In other words, they should not engage themselves in direct lending or carrying on of activities which are not approved by the Reserve Bank and financing of other companies or concerns engaged in equipment leasing, hire purchase business and factoring services.

- Banks can also undertake equipment leasing, hire purchase and factoring services departmentally. Prior approval of the RBI is not necessary for undertaking these activities departmentally.

- The banks should, however, report to the RBI about the nature of these activities together with the names of the branches from where these activities are taken up. The banks should comply with the following prudential guidelines when they undertake these activities departmentally:

  a) As activities like equipment leasing, hire purchase and factoring services require skilled personnel and adequate infrastructural facilities, they should be undertaken only by certain select branches of banks.

  b) These activities should be treated on par with loans and advances and should accordingly be given risk weight of 100 per cent for calculation of capital to risk asset ratio. Further, the extant guidelines on income recognition, asset classification and provisioning would also be applicable to them.

  c) Banks should maintain a balanced portfolio of equipment leasing, hire purchase and factoring services vis-à-vis the aggregate credit. Their exposure to any of these activities should not exceed 10 per cent of total advances.

  d) Banks should not enter into leasing agreement with equipment leasing companies and other non-banking finance companies engaged in equipment leasing.

  e) Lease rental receivables arising out of sub-lease of an asset by a Non-Banking Financial Company undertaking leasing should not be included for the purpose of computation of bank finance for such company.

Details	**References**
Circular	***RBI /2012-13/72 DBOD. No.FSD.BC 24/ 24.01 .001/ 2012-13 dated July 2, 2012***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/72MP010712PL.pdf***

MI.6 - Bank finance to AFCs / NBFCs

RBI compiled a Master Circular suitably updated with instructions issued up till June 30, 2012.

Important features are:

- The ceiling on bank credit linked to Net Owned Fund (NOF) of NBFCs has been withdrawn in respect of all NBFCs which are statutorily registered with RBI and are engaged in principal business of asset financing, loan, factoring and investment activities. Accordingly, banks may extend need based working capital facilities as well as term loans to all NBFCs registered with RBI and engaged in infrastructure financing, equipment leasing, hire- purchase, loan, factoring and investment activities.

- In the light of the experience gained by NBFCs in financing second hand / used assets, banks may also extend finance to NBFCs against second hand / used assets financed by them.

- As banks can extend financial assistance to equipment leasing companies, they should not enter into lease agreements departmentally with such companies as well as other Non-Banking Financial Companies engaged in equipment leasing.

- The exposure (both lending and investment, including off balance sheet exposures) of a bank to a single NBFC / NBFC-AFC (Asset Financing Companies), which is not predominantly engaged in lending against collateral of gold jewellery, should not exceed 10% / 15% respectively, of the bank's capital funds as per its last audited balance sheet. Banks may, however, assume exposures on such a single NBFC / NBFC-AFC up to 15% / 20% respectively, of their capital funds provided the exposure in excess of 10% / 15% respectively, is on account of funds on-lent by the NBFC / NBFC-AFC to the infrastructure sector. Further, exposure of a bank to the NBFCs-IFCs (Infrastructure Finance Companies) should not exceed 15 per cent of its capital funds as per its last audited balance sheet, with a provision to increase it to 20 per cent if the same is on account of funds on-lent by the IFCs to the infrastructure sector.

- Banks may also consider fixing internal limits for their aggregate exposure to all NBFCs put together.

Details	**References**
Circular	***RBI/2012- 13/96 DBOD.BP.BC.No.27 / 21.04.172 / 2012-13 dated July 2, 2012***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/96MC02072012BF.pdf***

Micro Leasing – Quick Index of Circulars

Title	Circular Reference
Classification of NBFCs – Equipment Leasing – Hire Purchase – RBI Directions	RBI/2006-07/41 DNBS (PD) CC No.75 / 03.02.01/ 2006-07 dated July 1, 2006
Reclassification of NBFCs – Equipment Leasing Companies as Asset Finance Companies	RBI / 2006-07/200 DNBS.PD. CC No. 85 / 03.02.089 /2006-07 dated December 06, 2006
AFCs as Deemed Loan Companies	RBI / 2008-09/167 DNBS.PD. CC No. 128 / 03.02.059 /2008-09 dated September 15, 2008
Guidelines to Banks on Equipment Leasing, Hire Purchase Business and Factoring Services	RBI /2012-13/72 DBOD. No.FSD.BC 24/ 24.01 .001/ 2012-13 dated July 2, 2012
Bank Finance to NBFCs	RBI/2012- 13/96 DBOD.BP.BC.No.27 / 21.04.172 / 2012-13 dated July 2, 2012

CHAPTER VIII

SPECIAL PROGRAMMES
SPECIAL GEOGRAPHIES
SPECIAL GROUPS
(Excluded Group of People)

Spgtg.1 – Need for Special–Programmes/Geographies/Excluded Groups

For long, microfinance was targeted at the Rural Poor / Low Income Groups. Only in recent times Microfinance is contemplating on methods of reaching the urban poor, whose requirements are also similar, with a few variations maybe, to that of their brethren in the rural areas.

In addition to the urban areas, Microfinance need to be established in the unreached remote areas, conflict areas in a bid to neutralize the economic situation to the extent possible and especially help in creating jobs through livelihoods generated by micro and small enterprises spurred by microfinance.

Apart from special geographies mentioned above people like Female Commercial Sex Workers (FCSW), People With Disabilities (PWD), People suffering from Terminal Health issues such as HIV / AIDS and Tribals and Scheduled Castes etc., need to be included.

For this specially designed programmes are needed. This section provides some resources on such programmes.

Spgtg.2 - Promotion & Support of Women SHGs in Backward Districts of India

A scheme has been formulated in association with Govt. of India to bring out a viable and self-sustainable model for promotion and financing of Women Self Help Groups by involving an anchor NGO in each of the selected backward districts of the country. These anchor NGOs besides promoting and nurturing SHGs will also be involved in tracking and monitoring the performance of SHGs promoted under the scheme apart from being responsible for loan repayments. To begin with, the scheme will be implemented in 24 selected backward districts of the country, the list of which could be found in the circular / notification;

Some of the salient features of the scheme are:

- An anchor NGO to be selected by LDM in consultation with the DDM, NABARD and DLCC in each of the identified district for implementation of the project.
- The scheme would be implemented primarily through two nodal bank branches, having CBS facility, in each block of the identified districts.
- The identified bank branch will enter into a MoU with the identified NGO.

- The identified NGOs will be eligible for grant assistance from NABARD upto a maximum of Rs.10,000 per SHG promoted and nurtured which will be released to them as per the schedule mentioned in para-8 of the operational guidelines.
- Loans to new SHGs promoted will preferably be under the cash credit mode.
- A Service Charge of 5% per annum on monthly average loan outstanding shall be paid by the bank to the respective NGOs to meet the administrative, transaction and risk cost of the NGOs.

Details	References
Circular	***No.NB.HO.MCID/FR/ 1370 /2011-12 Circular no: 33(A) / MCID-01 /2012 dated 27 February 2012***
Web Link	***http://www.shgportal.com/img/content/E-2012Cir%2033A%2012988184149071 0906.pdf***

Spgtg.3 – Observations / Recommendations made by the Parliamentary Committee on the Welfare of Scheduled Castes (SCs) and Scheduled Tribes (STs)

The credit flow to the Scheduled Castes and Scheduled Tribes is being closely monitored by GoI / RBI / NABARD and detailed instructions in this regard have been issued to the banks from time to time.

Banks were requested to play a pro-active role in achieving the targets set for the Scheduled Castes and Scheduled Tribes keeping in view, the significance attached by the Governments for the development of the Scheduled Castes and Scheduled Tribes.

Details	References
Circular	***NB.MCID./1558 /SGSY-1/2007-08 Circular No. 238 /mCID. 07 /2007 dated 12 December 2007***
Web Link/s	**Web Link Not Available**
Note:	**Copy of Circular as well as web link is not available**

Spgtg.4-Credit flow to Scheduled Castes & Scheduled Tribes

RBI has, periodically, issued instructions / directives to banks with regard to providing credit facilities to Scheduled Castes (SCs) and Scheduled Tribes (STs). To enable banks have the current instructions at one place, a Master Circular incorporating all the existing guidelines/ instructions / directives has been prepared. RBI's Master Circular has been updated and consolidates previous instructions issued from time to time, which are listed in the full circular referred to. Salient features of this circular are:

- Credit planning should be weighted in favour of Scheduled Castes / Scheduled Tribes.
- Loan proposals of these communities should be considered sympathetically and expeditiously.
- Banks should not insist on deposits while considering loan applications under Government sponsored poverty alleviation schemes / self-employment programmes from borrowers belonging to SCs / STs.
- It should also be ensured that applicable subsidy is not held back while releasing the loan component till the full repayment of bank dues. Non release of subsidy upfront amounts to under-financing and hampers asset creation / income generation.
- If applications in respect of SCs / STs are to be rejected, it should be done at the next higher level instead of at the branch level. Further, reasons for rejection of applications should be clearly indicated.
- There are several major centrally sponsored schemes under which credit is provided by banks and subsidy is received through Government Agencies.
- Credit flow under these schemes is monitored by RBI. Under each of these, there is a significant reservation / relaxation for the members of the SC / ST communities.

Reservations for SC / ST Beneficiaries under Major Centrally Sponsored Schemes:

Swarna Jayanti Gram Swarozgar Yojana (SGSY)

- Under Swarn Jayanti Gram Swarozgar Yojana (SGSY) Scheme which is a major poverty alleviation scheme in rural / semi urban areas, not less than 50 percent of the families assisted should belong to SCs / STs.
- Under SGSY scheme, beneficiaries belonging to SC / ST are entitled to subsidy of 50% of the project cost with a maximum ceiling of Rs.10,000/- as against the subsidy of 30% of project cost with a maximum ceiling of Rs.7,500/- in case of beneficiaries under general category.

Swarna Jayanti Shahari Rozgar Yojana:

- Under Swarna Jayanti Shahari Rozgar Yojana (SJSRY) which is a poverty alleviation scheme in urban areas, advances should be extended to SCs / STs to the extent of their strength in the local population.

Differential Rate of Interest (DRI) Scheme:

- Under the DRI Scheme, banks provide finance upto Rs.15,000/- at a concessional rate of interest of 4 percent per annum to the weaker sections of the community for engaging in productive and gainful activities.
- Under the DRI scheme, the eligibility criteria that size of land holding should not exceed 1 acre of irrigated land and 2.5 acres of un-irrigated land is not applicable to SCs / STs.
- Members of SCs / STs satisfying the income criteria of the scheme can also avail of housing loan upto Rs.20,000/- per beneficiary over and above the individual loan of Rs.15,000/- available under the scheme (as announced in the Union Budget 2007-2008).

Scheme for Liberation and Rehabilitation of Scavengers:

- The National Scheme for Liberation and Rehabilitation of Scavengers is for liberating the scavengers and their dependents from the existing hereditary and obnoxious occupation of manually removing night soil and filth and to provide them with alternate dignified occupation. The scheme covers primarily all scavengers belonging to the scheduled caste community. Scavengers belonging to other communities are also eligible for assistance. The Scheme has now been renamed as Scheme for Rehabilitation of Manual Scavengers (SRMS)

Details	References
Circular	***RBI/2012-13/92 RPCD.GSSD. BC.No. 8 /09.09.01/2012-13 dated July 02, 2012***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/92CPS02072012.pdf***

Spgtg.5 - Flow of credit to Minority Communities

RBI has, periodically, issued instructions / directives to banks with regard to providing credit facilities to Minority Communities. To enable banks to have current instructions at one place, a Master Circular incorporating all the existing guidelines / instructions / directives has been prepared. This Master Circular has been updated and consolidates all the previous instructions issued by RBI from time to time, which are referred to in the circular. Salient features of this circular are:

- GoI has indicated that care should be taken to see that minority communities secure, in a fair and adequate measure the benefits flowing from various Government sponsored special programmes.
- All commercial banks, both in public and private sector have been advised to ensure smooth flow of bank credit to minority communities.
- The Lead Banks in the identified districts may collaborate with DDMs of NABARD/ NGOs/ Voluntary Organizations in reaching the poor through SHGs.
- Lead Banks of the Minority Concentration Districts will have to exercise the pro-active role expected of them to ensure that the minority communities, particularly those who are poor and illiterate have access to bank credit for taking up productive activities.

Advances under DRI Scheme:

- Banks may route loans under the DRI scheme through State Minority Finance / Development Corporation on the same terms and conditions as are applicable to loans routed through SC / ST Development Corporations, subject to the beneficiaries of the Corporations meeting the eligibility criteria and other terms and conditions prescribed under the scheme.
- National Minorities Development and Finance Corporation (NMDFC) was established in September 1994 to promote economic and developmental activities for the backward sections amongst the minorities. NMDFC works as an apex body and channels its funds

to the beneficiaries through the State Minority Finance Corporation of the respective State / Union Territory Governments.

- The NMDFC is operating, inter-alia, the Margin Money Scheme. Bank finance under the scheme will be upto 60 percent of the project cost. The remaining amount of the project cost is shared by NMDFC, the State channelising agency and the beneficiary in the proportion of 25%, 10%, and 5%, respectively.

Prime Minister's 15 Point Programme for the Welfare of Minorities:

- GoI has revised the "Prime Minister's New 15-Point Programme for the Welfare of Minorities". An important objective of the Programme is to ensure that an appropriate percentage of the priority sector lending is targeted for the minority communities and that the benefits of various government sponsored schemes reach the under-privileged, which includes the disadvantaged sections of the minority communities.
- The New Programme is to be implemented by the Central Ministries / Departments concerned through State Governments / Union Territories (UTs) and envisages location of certain proportion of development projects in minority concentrated districts.
- Accordingly, all scheduled commercial banks have been advised to ensure that within the overall target for priority sector lending and the sub-target of 10 percent for the weaker sections, sufficient care is taken to ensure that minority communities also receive an equitable portion of the credit.

Details	References
Circulars	***1) RBI/2006-07/122 RPCD.SP.BC.No. 22 / 09.10.01 / 2006-07 dated Sept 1, 2006*** ***2) RBI/2012-13/89 RPCD.GSSD.BC.No.2/09.10.01/2012-13 dated July 02, 2012***
Web Links	***http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=3079&Mode=0*** ***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/89MCFM020712.pdf***

Spgtg.6 - NMDFC

Incorporated, under the aegis of Ministry of Minorities Affairs, GoI, on the 30th September, 1994, as a 'Not for Profit' Company under Section.25 of the Companies Act, the National Minorities Development and Finance Corporation (NMDFC) is working to promote economic development of the minorities notified as per the National Minorities Commission Act, 1992 - i.e., Buddhists, Christians, Muslims, Parsis and Sikhs.

The main objective of NMDC is to promote economic and developmental activities for the benefit of "Backward Section" amongst the minorities, preference being given to the occupational groups and women. NMDFC's TARGET GROUPS for direct benefit are the persons belonging to the Minority Communities and living Below DOUBLE the POVERTY

LINE. At present, families having “Annual Income” less-than Rs. 40,000/- in Rural Areas and Rs. 55,000/- in Urban Areas are categorized as BELOW DOUBLE the POVERTY LINE.

Details	References
Web Link	http://minorities.in/info.php

Spgtg.7 - NSFDC

National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC) was incorporated, by the GoI, as a fully owned Government Company under Section 25 (A company ‘Not for Profit’) of the Companies Act, 1956, on February 08, 1989.

NSFDC is the apex institution for financing, facilitating and mobilizing funds from other sources and promoting the economic development activities of the persons belonging to the Scheduled Castes living Below Double of the Poverty Line (BDPL).

It has been assigned the task for financing, facilitating and mobilizing funds for the economic empowerment of persons living BDPL. It provides financial assistance for income generating schemes for the target group through State Channelising Agencies (SCAs) which are nominated by respective State / UT Governments.

The company is managed by a Board of Directors with representation from Central Government, State Scheduled Castes Development Corporations, Financial Institutions and non-official members, representing Scheduled Castes.

Bifurcation

Consequent to the orders of the GoI declaring bifurcation of the erstwhile NSFDC into two separate corporations (one each for SCs & STs), with effect from the 10th April, 2001, the existing NSFDC is now functioning exclusively for the development of the Scheduled Castes.

Details	References
Web Links	http://www.nsfdc.nic.in/uniquepage.asp?ID_PK=57 http://www.nsfdc.nic.in/uniquepage.asp?ID_PK=58

Spgtg.8 - NSTFDC

National Scheduled Tribes Finance and Development Corporation (NSTFDC) is an apex organisation for economic upliftment of Scheduled Tribes, formed in 2001 as a Section 25 Company ('Not for Profit') under Ministry of Tribal Affairs, Govt. of India.

This Corporation provides financial assistance at concessional rates of interest varying between 4% and 8% p.a. to STs for taking up viable Income Generating Activities (IGAs). Financial assistance is also provided as grant for imparting training to STs.

STs having annual family incomes BDPL limits are eligible for availing financial assistance of NSTFDC. The BDPL limit has since been enhanced to Rs 81,000/- p.a. from the earlier Rs.39,500/- for rural areas and Rs 1,04,000/- from the earlier Rs.54,500/- for urban areas in tune with the poverty line estimates of the Planning Commission of India. This will enable larger number of needy STs to seek NSTFDC's concessional assistance for their economical upliftment.

NSTFDC extends concessional financial assistance under a bouquet of schemes. This bouquet is periodically reviewed and new schemes are introduced to meet the needs of the target group.

Prominent schemes of the Corporation are;

- ***"Adivasi Shiksha Rrinn Yojana"*** - an education loan scheme for ST students for pursuing technical / professional education including Ph.D. in India
- ***"Adivasi Mahila Sashaktikaran Yojana (AMSY)"*** – an exclusive scheme for ST women
- ***"Micro Credit Scheme"*** for SHGs comprising of STs as its members and
- ***"Term Loan Scheme"***

The Company believes in partnerships and has tied up with;

- The Ministry of Human Resources Development, GoI for ensuring interest subsidy to the ST students for the moratorium period (i.e. course period plus 1 year or 6 months after getting the job, as the case may be).

- Tribal Cooperative Marketing Development Federation of India Limited (TRIFED) for extending financial assistance to ST artisans empanelled with TRIFED for meeting their financial requirements towards working capital and purchase of project related assets.

- Seven PSU Banks viz., Central Bank of India, Dena Bank, Syndicate Bank, State Bank of India, UCO Bank, Union Bank of India and Vijaya Bank

- Seven RRBs Viz., Assam Gramin Vikash Bank, Baitarani Gramin Bank (Orissa), Baroda Gujarat Gramin Bank, Dena Gujarat Gramya Bank, Sharda Gramin Bank (Madhya Pradesh), Tripura Gramin Bank and Vananchal Gramin Bank (Jharkhand).

The STs intending to avail NSTFDC's concessional finance can also approach branches of these banks. Financial assistance of NSTFDC is extended through State Channelising Agencies (SCAs).

An important task for NSTFDC is awareness generation about its schemes amongst the STs residing mostly in far flung and remote areas. Salient features and State-wise details of NSTFDC's activities and schemes are available on the website.

Details	References
Web Link	***http://nstfdc.nic.in/mddesk/***

Spgtg.9 - 'Swarnjayanti Gram Swarozgar Yojana' (SGSY) Programme

Swarnjayanti Gram Swarozgar Yojana (SGSY), operative from April 1, 1999, is a scheme restructuring existing schemes namely, Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self Employment (TRYSEM), Development of Women & Children in Rural Areas (DWCRA), Supply of Improved Toolkits to Rural Artisans (SITRA), Ganga Kalyan Yojana (GKY) and Million Wells Scheme (MWS).

RBI has circulated the SGSY scheme guidelines to all the commercial banks giving directions to implement them.

Among others, the key points of the circular and the scheme are:

- SGSY is a holistic Scheme covering all aspects of self-employment such as organisation of the poor into SHGs, training, credit, infrastructure, technology and marketing.

- The scheme will be funded by the Centre and the States in the ratio of 75: 25 and will be implemented by Commercial Banks, RRBs and Co-operative Banks.

- SGSY will focus on vulnerable sections of the rural poor. Accordingly the SC / ST will account for at least 50%, Women 40% and the disabled 3% of those assisted.

- Under any circumstance under-financing is to be avoided. Emphasis is laid on multiple doses of assistance.

- The scheme provides for the creation of Risk Fund with 1% of SGSY funds at District level.
- Loans under the Scheme will carry interest as per the directives on interest rates issued by Reserve Bank of India from time to time.

- Subsidy under SGSY will be uniform at 30% of the project cost, subject to a maximum of Rs.7,500/-. In respect of SC/STs it will be 50% of the project cost subject to a maximum of Rs.10,000/-.

- For groups of Swarozgaris (SHGs) the subsidy would be at 50% of the cost of the project, subject to a ceiling of Rs.125,000.

- There will be no monetary limit on subsidy for irrigation projects. Subsidy under SGSY will be back ended.

Details	References
Circular	***RPCD.SP .BC 23 / 09 .01 .01 / 99 -2000 dated 1st* September, 1999 *(uploaded on 28th September 1999)***
Web Links	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/9100.pdf*** ***http://rural.nic.in/sites/downloads/programmes-schemes/prog-schemes-sgsy.pdf***

An up-dated Master Circular incorporating all the existing guidelines / instructions / directives on the Scheme consolidates all the previous instructions on the subject was issued by RBI in 2012.

Details	References
Circular	***RBI 2012 - 13/88 RPCD. GSSD. BC. No.1/09.01.01/2012 - 13 dated July 02, 2012***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/88CI010712SFL.pdf***

Spgtg.10 - Swarna Jayanti Shahari Rozgar Yojana (SJSRY) - Revised guidelines

The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched on December 1, 1997 after subsuming the earlier three schemes for urban poverty alleviation, namely Nehru Rozgar Yojana (NRY), Urban Basic Services for the Poor (UBSP), and Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP).

The key objective of the Scheme was to provide gainful employment to the urban unemployed or underemployed through the setting up of self-employment ventures or provision of wage employment.

SJSRY will have five major components;

1) Urban Self Employment Programme (USEP)
2) Urban Women Self-help Programme (UWSP)
3) Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)
4) Urban Wage Employment Programme (UWEP) and
5) Urban Community Development Network (UCDN)

To overcome the difficulties faced by the States / UTs in addressing the implementation of SJSRY, the Guidelines of the Scheme have been revised and came into effect from April 1, 2009. This circular is an up-dated Master Circular incorporating all the existing guidelines / instructions / directives on the Scheme consolidates all the previous instructions on the subject issued by Reserve Bank of India till date as indicated in the Appendix of the annexure.

Salient features of the scheme are:

- The target population under SJSRY is the urban poor - those living below the poverty line, as defined by the Planning Commission from time to time.

- To accord special focus on the issues of urban poverty amongst Scheduled Castes (SCs) and Scheduled Tribes (STs), a special component programme of SJSRY, called the Urban Programme for Poverty reduction amongst SCs & STs (UPPS), will be carved out of USEP and STEP-UP.

- Funding under SJSRY will be shared between the Centre and the States in the ratio of 75:25.

- For Special Category States (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Jammu & Kashmir, Himachal Pradesh and Uttarakhand) this ratio will be 90:10 between the Centre and States.

Reservations in SGSY and SJSRY:

Both SGSY and SJSRY will focus on vulnerable sections of the rural poor.

- Accordingly 3% of those assisted is reserved for the disabled.
- SHG under SGSY may consist of 10 to 20 persons belonging to BPL families. In case of minor irrigation and in the case of disabled persons this number may be a minimum of 5 persons.
- 3% of the total swarozgaris assisted during the year is reserved for the disabled.
- A special provision of 3% reservation in the total number of beneficiaries should be made for the differently abled under USEP in SJSRY

- A special provision of 3% reservation should be made for the differently-abled, under STEP-UP in SJSRY.

Details	References
Circular	***RBI/2012-13/91 RPCD GSSD.BC.No. 7/09.16.01/2012-13 dated July 02, 2012***
Web Links	***http://mhupa.gov.in/pdf/guidelines-scheme/urbanemp-povallev/Swarna%20Jayanti/ReGuidelinesSJSRY.pdf*** ***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/91PSLSP020712.pdf***

Spgtg.11 - Banking facilities for the differently abled

A Master Circular, suitably updated by incorporating the instructions issued up to June 30, 2012 has been issued and also been placed on the RBI website. This Master Circular consolidates and updates all the instructions contained in the circulars listed till the date of issue.

Salient features of the circular are:

To enable the old / sick account holders operate their bank accounts, banks may follow the procedure as under:-

(a) Wherever thumb or toe impression of the sick / old / incapacitated account holder is obtained, it should be identified by two independent witnesses known to the bank, one of whom should be a responsible bank official.

(b) Where the customer cannot even put his / her thumb impression and also would not be able to be physically present in the bank, a mark can be obtained on the cheque / withdrawal form which should be identified by two independent witnesses, one of whom should be a responsible bank official.

(c) The customer may also be asked to indicate to the bank as to who would withdraw the amount from the bank on the basis of cheque / withdrawal form as obtained above and that person should be identified by two independent witnesses. The person who would be actually drawing the money from the bank should be asked to furnish his signature to the bank.

Need for Bank Branches / ATMs to be made accessible to persons with disabilities

a) Banks may also take appropriate steps including providing ramps at the entrance of the bank branches so that the persons with disabilities / wheel chair users can enter the bank branches and conduct business without much difficulty.

b) Banks were advised to take necessary steps to provide all existing ATMs / future ATMs with ramps so that wheel chair users / persons with disabilities can easily access them and also make arrangements in such a way that the height of the ATM does not create an impediment in its use by a wheelchair user.

Providing banking facilities to Visually Impaired Persons

In order to facilitate access to banking facilities by visually challenged persons, banks were advised to offer banking facilities including cheque book facility / operation of ATM / locker etc., to the visually challenged as they are legally competent to contract.

Banks should therefore ensure that all the banking facilities such as cheque book facility including third party cheques, ATM facility, Net banking facility, locker facility, retail loans, credit cards etc., are invariably offered to the visually challenged without any discrimination.

Banks may also advise their branches to render all possible assistance to the visually challenged for availing the various banking facilities.

Details	References
Circular	***RBI/2012-13/50 DBOD No.Leg.BC. 21 /09.07.006/2012-13 dated July 2, 2012***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/50MC020712SF.pdf***

Spgtg.12 - Opening & Operating of Post Office Accounts independently by the blind / visually impaired persons

In the existing Rule 4 of Post Office Savings Account Rules 1981 and Post Office Time Deposit Rules 1981, a blind person may open and operate account through literate agent nominated by her / him for the purpose. In the rules for other type of accounts, there is neither a provision nor a bar on opening and operating of account by blind / visually-impaired persons independently.

Department of Economic Affairs, Ministry Of Finance, GoI has decided to extend the facility of opening / operating any type of account to the blind / visually impaired persons. **For this, Rule 4 of Post Office Savings Account Rules 1981 has been amended by Min. of Finance vide GSR No. 478(E) dated 26.6.2008 and Rule 4 of Post Office TD Rules 1981 vide GSR No.479(E) dated 26.6.2008**.

Department of Posts has been asked to frame procedure / instructions for opening and operation of accounts by blind / visually impaired persons independently.

Details	References
Circular	***SB ORDER NO. 17/2008 No.113-23/2005-SB dated August 21, 2008***
Web Link	***http://www.indiapost.gov.in/Pdf/Manuals/SB_Orders_01-01-2007.pdf***

Spgtg.13 - Loan facilities to the physically / visually challenged by NBFCs

NBFCs were advised that there shall be no discrimination in extending products and facilities including loan facilities to the physically / visually challenged applicants on grounds of disability. NBFCs were asked also to advise their branches to render all possible assistance to such persons for availing of the various business facilities.

Details	References
Circular	***RBI / 2010-11/143 DNBS.CC.PD.No. 191 /03.10.01/2010-11 dated July 27, 2010***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/CCN91270710.pdf***

Spgtg.14 - Self-employment scheme for Rehabilitation of Manual Scavengers

The National Scheme for Liberation and Rehabilitation of Scavengers (NSLRS) is being implemented by all Public Sector banks since 1993 with an objective to liberate all scavengers and their dependents from their existing hereditary and obnoxious occupation of manually removing night soil and filth and to provide for and engage them in alternative and dignified occupations within a period of five years.

GoI has stopped funding the existing NSLRS since 2005-06 and has recently approved (December 28, 2006) a new and improved scheme named “Self Employment Scheme for Rehabilitation of Manual Scavengers” (SRMS) aimed at rehabilitating the remaining scavengers and their dependents by March 2009.

The approved scheme contains provisions for capital subsidy, concessional loans and capacity building for rehabilitation of manual scavengers in alternative occupations. Further, GoI desires that the scheme should be administered as a national priority with a resolute sense of purpose for surmounting any obstacles in its implementation.

Salient features of the scheme are:

- Objective of the scheme is to assist the remaining scavengers for rehabilitation, which are yet to be assisted, in a time bound manner by March 2009.

- Scavengers and their dependents, irrespective of their income, who are yet to be provided assistance for rehabilitation, under any scheme of Government of India / State Governments will be eligible for assistance.
- The eligible beneficiaries will be sponsored by the SCAs for availing loans from banks. SHGs may be involved in implementation of the new scheme, within the overall parameters of the scheme.
- Since it is a time bound scheme, norms applicable to SHGs under other schemes will not apply.
- The identified scavengers will be provided training, loan, and subsidy.
- Credit will be provided by the banks, which will charge interest from the beneficiaries at the rates prescribed under the scheme.
- National Safai Karmacharis Finance and Development Corporation (NSKFDC) or any other identified agency at the apex level, will provide interest subsidy to the banks through its SCAs
- The scheme provides for projects costing upto Rs. 5.00 lakh. The loan amount will be the remaining portion of the project cost, after deducting the admissible capital subsidy. No margin money/ promoter's contribution is required to be provided under the scheme.
- Both, term loan (upto a maximum cost of Rs. 500,000) and micro financing (upto a maximum of Rs. 25,000) will be admissible under the scheme. Micro financing will also be done through SHGs and reputed NGOs
- In every state annual targets of each bank will be fixed by State Level Bankers Committees (SLBC's) as per state-wise scheme targets.
- The period of repayment loan will be three years for projects upto Rs. 25,000 and 5 years for projects above Rs.25,000. The moratorium period to start the repayment of loan will be six months.
- Beneficiaries will be allowed to avail second and subsequent loan from banks if required, without capital subsidy and interest subsidy and other grants under the scheme.

Details	References
Circular	***RBI/ 2008-2009/ 283 RPCD.SP. BC. No 57/09.03.01/2007-08 date April 15, 2008***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/84043.pdf***

Spgtg.15 - Extension of the SRMS scheme

Though the SRMS Scheme aimed at rehabilitating the remaining scavengers and their dependents by March 2009, as the Ministry of Social Justice and Empowerment, GoI, has decided to continue the scheme beyond March 31, 2009, the implementing agencies have been requested to complete implementation of the scheme by September 30, 2009.

Banks were, therefore, advised to disburse loans to all eligible applicants under SRMS by September 30, 2009 in a time bound manner as per the existing guidelines issued by us in this regard.

Details	References
Circular	***RBI/2008-09/515 RPCD.SP.BC.No.117 /09.03.01/2008-09 dated June 30, 2009***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/CSRMS300609.pdf***

Spgtg.16 - Further extension of the SRMS scheme

As even after September 30, 2009, a substantial amount of work is still left to be done for rehabilitation of identified manual scavengers under SRMS, Ministry of Social Justice & Empowerment, GoI, has advised the implementing agencies to disburse loans to all applicants, preferably by December 31, 2009 with the last quarter of the financial year 2009-10 being left for any inevitable spillover.

Banks were therefore advised to ensure the completion of implementation of the SRMS Scheme by December 31, 2009 and the spillover in inevitable cases up to the March 31, 2010 in a time bound manner as per the existing guidelines issued by us in this regard.

Details	References
Circular	***RBI/2009-10/264 RPCD. S.P. B C. NO 47 /09.03.01/2009-10 dated December 18, 2009***
Web Link	***http://rbidocs.rbi.org.in/rdocs/notification/PDFs/I47RPC181209.pdf***

Special Programmes, Special Geographies, Specific Groups (Excluded group of People)- Quick Index of Circulars

Title	Circular Reference / Link
Promotion and support of Women SHGs in Backward districts of India	No.NB.HO.MCID/FR/ 1370 /2011-12 Circular no: 33(A) / MCID-01 /2012 dated 27 February 2012
Observations / Recommendations made by the Parliamentary Committee on the welfare of Scheduled Castes (SCs) and Scheduled Tribes (STs)	NB.MCID./1558 /SGSY-1/2007-08 Circular No. 238 /mCID. 07 /2007 dated 12 December 2007
Credit Flow to Scheduled Castes (SCs) and Scheduled Tribes (STs)	RBI/2012-13/92 RPCD.GSSD. BC.No. 8 /09.09.01/2012-13 dated July 02, 2012
Flow of Credit to Minority Communities	RBI/2012-13/89 RPCD.GSSD.BC.No.2/09.10.01/2012-13 dated July 02, 2012
NMDFC	http://minorities.in/info.php
NSFDC	http://www.nsfdc.nic.in/uniquepage.asp?ID_PK=57 http://www.nsfdc.nic.in/uniquepage.asp?ID_PK=58
NSFTDC	http://nstfdc.nic.in/mddesk/
SGSY Programme	RPCD.SP .BC 23 / 09 .01 .01 / 99 -2000 dated 1st September, 1999 (uploaded on 28th September 1999)
Latest Master Circular	RBI 2012 - 13/88 RPCD. GSSD. BC. No.1/09.01.01/2012 - 13 dated July 02, 2012
SJSRY and Revised Guidelines	RBI/2012-13/91 RPCD GSSD.BC.No. 7/09.16.01/2012-13 dated July 02, 2012
Reservations in SGSY and SJSRY	Refer Sl. No. 1 and 3
Increased funding for Special Category States under SJSRY	
Banking facilities for the Differently Abled	RBI/2012-13/50 DBOD No.Leg.BC. 21 /09.07.006/2012-13 dated July 2, 2012
Bank Branches / ATMs be made accessible to persons with disabilities	RBI/2008-09/431 DBOD.No.Leg.BC.123 /09.07.005/2008-09 dated April 13, 2009
Banking Facilities to Visually Challenged	RBI / 2007-08 / 358 DBOD.No.Leg BC. 91 /09.07.005/2007-08 dated June 4, 2008

Opening and operating of Post Office Accounts independently by the blind /visually impaired persons independently	SB ORDER NO. 17/2008 No.113-23/2005-SB dated August 21, 2008
Loan facilities to the physically / visually challenged by NBFCs	RBI / 2010-11/143 DNBS.CC.PD.No. 191 /03.10.01/2010-11 dated July 27, 2010
Self-Employment Scheme for Rehabilitation of Manual Scavengers	RBI/ 2008-2009/ 283 RPCD.SP. BC. No 57/09.03.01/2007-08 date April 15, 2008
Extension of the SRMS Scheme	RBI/2008-09/515 RPCD.SP.BC.No.117 /09.03.01/2008-09 dated June 30, 2009
Further Extension of the Scheme	RBI/2009-10/264 RPCD. S.P. B C. NO 47 /09.03.01/2009-10 dated December 18, 2009

CHAPTER XI

FINANCIAL INCLUSION – STRATEGIES AND EFFORTS

Fise.1 – Financial Inclusion

More than half the world's adult population, which is an approximate 2.5 billion adults, does not use any form of formal financial service. 2.2 billion of these adults live in Africa, Asia, Latin America and the Middle East (Dr. C. Rangarajan, 2008)

According to the Rangarajan Committee on Financial Inclusion (FI) report, National Sample Survey Organisation (NSSO) data reveal that 45.9 million farmer households in India (51.4%), of the total 89.3 million households do not access credit either from the formal or the informal sector. Despite the network of bank branches, only 27% of total farm households use formal sources of credit.

Financially excluded people include marginal farmers, landless laborers, oral lessees, self employed and unorganized enterprises, urban slum dwellers, migrants, unemployed, ethnic minorities and socially excluded groups, senior citizens, physically challenged people etc.

While delivering a commemorative lecture delivered at the Fedbank Hormis Memorial Foundation at Ernakulam, Kerala, India on December 2, 1005, the then Deputy Governor of RBI Shri V. Leeladhar explained that;

"Financial inclusion is delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy" and that

"The scope of financial inclusion can be expanded in two ways;

a) through state-driven intervention by way of statutory enactments (for instance the US example, the Community Reinvestment Act and making it a statutory right to have bank account in France).
b) through voluntary effort by the banking community itself for evolving various strategies to bring within the ambit of the banking sector the large strata of society".

Thus the important stakeholders in this quest would be the people themselves, who need to be included, the banking, non-banking and the postal communities, related agencies from state and central governments and non-governmental agencies.

However bearing in mind the vast number of people to be reached a major share of this reach need to be from the banking agencies that includes Postal Department in as much as Savings and Insurance are concerned.

As per Census 2011 only about 58.7% of the total population (144,814,788 households) avail some amount of banking services. Out of these 67.8% are in urban areas and 54.4% in rural areas. Thus about only three-fifths of the population has a bank account, even though the government has decided to shift to a bank-based direct benefit transfer scheme for any of its welfare programmes. The situation with regard to insurance and other financial services is only worse.

Financial inclusion helps in decreasing the vulnerability of the poor / low income groups, facilitating in growth and poverty reduction as the poor could be better integrated into the mainstream of economy, which is the paramount objective of total financial inclusion.

But a mere ‘access’ to bank accounts is not the solution and without ‘usage’ it is as well not done. India is able to work on a GDP growth rate of about 8% even with almost 46% of the population financially excluded. If they are all to be included the GDP growth rate could also increase.

As per one of the Papers submitted to the World Finance Corporation (http://world-finance-conference.com/papers_wfc/454.pdf) the strategy for Financial inclusion could have aspects like;

1. Integration of Financial Inclusion with Poverty Alleviation Programmes
2. Financial literacy and awareness generation
3. Customization
4. Regulation and targets
5. Check Mechanism

Presently, several strategies, most importantly from the banking sector, are being devised and efforts in the direction are taking place towards a swift and total inclusion of the excluded population, mostly from rural and remote places of the country.

Fise.2 - Strategy for Financial Inclusion

Under the financial inclusion plan for India, all villages having a population of 2000 or more, as per 2001 census, were identified and allocated among banks by the SLBCs to be covered under the Financial Inclusion by March, 2012. In addition, considering the population distribution, in States and UTs like Arunachal Pradesh, Himachal Pradesh, Meghalaya, Mizoram, Uttarakhand, Chhattisgarh, Andaman & Nicobar, Daman & Diu, Puducherry, Lakshadweep, all villages of 1000 and above must be covered by September 2012. The next phase of financial inclusion would be to cover habitation with population of more than 1000 in North Eastern and hilly states and to other habitations which have crossed population of 2000 as per Census 2011.

In order to develop a comprehensive frame work for delivery of financial services and, hence, promote Financial Inclusion, it is necessary that comprehensive Financial Services Plan for the entire District and State is also prepared.

At present, the District and State Level Plans are being prepared for the banks, NABARD etc. Similarly, the Public Sector Insurance Companies are also preparing their field level plans.

It has therefore been decided that:

The District Lead Bank Officer, Officer In charge of NABARD and Nodal Officers of Public Sector Insurance Companies, both life and non life, would prepare a comprehensive Annual District Financial Services Plan covering banking, rural development, insurance, etc. These officers would also meet once every month to review the progress and resolve inter agency issues.

At the State Level, SLBC Convener, NABARD in-charge for the State and State In-charge of Public Sector Insurance Companies, both life and non life, would prepare similar Annual State Financial Services Plan. At the State level also, these officers would meet once every month to review the progress and resolve inter-agency issues.

The objective of the exercise is to ensure Financial Inclusion by ensuring bank account for every household, Kisan Credit Card to every farmer's family, General Credit Card to other households and extensive coverage under micro-insurance and micro-pension scheme besides looking at the critical gap in infrastructure in terms of rural warehousing etc.

District Lead Officer and the State SLBC Convener would be responsible for the aforementioned committees at the District and the State Level respectively.

Details	References
Circular	***GoI, MoF, Department of Financial Services F. No. 21/13/2009-FI (Vol II-Pt.) dated April 4, 2012***
Web Link	***http://financialservices.gov.in/ncapp/FIcircularindex.aspx***

Fise.2.1 – Opening of new branches of banks

In the under banked districts as listed by the RBI, the Banks shall, within their service area, open a regular brick and mortar branch in larger habitations with population of 5,000.

Under the extant Policy of RBI on branch authorisation, prior approval of the RBI is NOT required to open branches in tier 2 to tier 6 areas. In fact, opening bank branches in the under banked districts of the under banked states would entitle the banks to seek branches in tier 1 towns under their Annual Branch Authorisation Plan. Such a branch would be assigned a service area by the DCC / SLBC covering one or more Gram Panchayats.

In other districts, the banks must try to open as many brick & mortar branches, in their service areas, in habitations with population of 10,000 and above by September 2012.

At places where opening a brick and mortar branch is considered viable, following guidelines may be adhered to :

While opening a new branch in rural areas, after selecting the location of the branch, the branch manager must be posted at least six months in advance so that he can do business development in the area.

The business plan of the rural branch must envisage the branch to become profitable within a maximum period of two years.

Initially, the bank should have minimum staff, with ATM facility, and additional staff should be provided as the business grows and when the branch becomes profitable and can bear the cost of additional staff.

The branch should be on total e- governance platform.

Fise.2.2 – Using Business Facilitators (BFs) & Business Correspondents (BCs)

On January 25, 2006, RBI sent a circular to Banks in the country that with the objective of ensuring greater financial inclusion and increasing the outreach of the banking sector, it has been decided in public interest to enable banks to use the services of NGOs / SHGs / MFIs and other Civil Society Organisations (CSOs) as intermediaries in providing financial and banking services through the use of Business Facilitator and Business Correspondent models.

Business Facilitator Model:

Under the 'Business Facilitator' model, banks, depending on their comfort level, may use intermediaries, such as;

- NGOs / Farmers' Clubs,
- cooperatives,
- community based organisations,
- IT enabled rural outlets of corporate entities,
- insurance agents,
- well functioning Panchayats,
- Village Knowledge Centres,
- Agri Clinics/ Agri Business Centers,
- Krishi Vigyan Kendras
- Units of Khadi & Village India Board (KVIB) / Khadi & Village Industries Commission (KVIC) and
- Post Offices,

for providing facilitation services.

Such services may include;

- Identification of borrowers and fitment of activities
- Collection and preliminary processing of loan applications including verification of primary information / data
- Creating awareness about savings and other products and education and advice on managing money and debt counselling

- Processing and submission of applications to banks
- Promotion and nurturing SHGs / JLGs
- Monitoring and handholding of SHGs / JLGs / Credit Groups / others
- Post-sanction monitoring and
- Follow-up for recovery.

As these services are not intended to involve the conduct of banking business by the Business Facilitators, no approval is required from RBI for using the above intermediaries for facilitation of the services indicated above.

Business Correspondent Model:

Under the 'Business Correspondent' Model, NGOs / MFIs set up under Societies / Trust Acts, Societies registered under Mutually Aided Cooperative Societies (MACS) Acts or the Cooperative Societies Acts of States, section 25 companies, registered NBFCs not accepting public deposits and Post Offices may act as Business Correspondents.

In engaging such intermediaries as Business Correspondents, banks may conduct thorough due diligence and should ensure that they are well established, enjoying good reputation and having the confidence of the local people.

Banks may give wide publicity in the locality about the intermediary engaged by them as Business Correspondent and take measures to avoid being misrepresented.

In addition to activities listed under the Business Facilitator Model, the scope of activities to be undertaken by the Business Correspondents will include;

- Disbursal of small value credit,
- Recovery of principal / collection of interest
- Collection of small value deposits
- Sale of micro insurance / mutual fund products / pension products / other third party products and
- Receipt and delivery of small value remittances / other payment instruments.

The activities to be undertaken by the Business Correspondents would be within the normal course of the bank's banking business, but conducted through the entities indicated above at places other than the bank premises. Accordingly, in furtherance of the objective of increasing the outreach of the banks for micro-finance, in public interest, the Reserve Bank hereby permits banks to formulate a scheme for using the entities indicated above as Business Correspondents.

Details	References
Circular	***RBI/2005-06/288 DBOD.No.BL.BC. 58/22.01.001/2005-2006 dated January 25, 2006***
Web Link	***http://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=2718***

Fise.2.3 – Opening of Ultra Small Branches (USBs) of banks

For furthering the Financial Inclusion efforts of banks; to minimize the cost of the financial inclusion initiative; to see that the cost has a relationship to the growth in business and thus the profitability of the bank, considering the need of close supervision and mentoring of the Business Correspondent Agents (BCAs) by the respective bank branch and to ensure that a range of banking services are available to the residents of such villages, it has been decided that Ultra Small Branch be set up at all places where opening of a brick and mortar branch is presently not viable and in all villages covered or to be covered through BC agents, for the Financial Inclusion (FI).

Union Budget 2012-13 envisaged that Ultra Small Branches (USBs) would be set up at the habitations where Business Correspondents (BCs) would deal with cash transactions. Accordingly, RBI advised that for furthering financial inclusion, banks may establish outlets in rural centres from which BCs may operate. These BC outlets may be in the form of low cost simple brick and mortar structures.

It has been stipulated that it would be necessary to have an intermediate brick and mortar structure (USB) between an existing base branch and BC locations so as to provide support to a cluster of BC units at a reasonable distance. These USBs may be set up between the base branch and BC locations so as to provide support to about 8-10 BC Units at a reasonable distance of 3-4 kilometres. These could be either newly set up or by conversion of the BC outlets.

Such USBs should have minimum infrastructure such as a CBS terminal linked to a pass book printer and a safe for cash retention for operating large customer transaction and would have to be managed full time by bank officers / employees.

Details	References
Circulars	***1) RBI/2011-12/566 DBOD.No.BL.BC.105/22.01.009/2011-12 dated May 17, 2012 2) GoI, MoF, Department of Financial Services F.No. 21/13/2009-FI (Pt.) dated August 1, 2012 3) Master Circular RBI/2013-14/59 DBOD No. BAPD.BC. 18/22.01.001/2013-14 dated July 1, 2013***
Web Links	***http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=7220&Mode=0*** ***http://financialservices.gov.in/banking/circulars/2012/Strategy%20and%20Guidelines%20on%20Financial%20Inclusion%20Ultra%20Small%20Branches%20in%20under%20banked%20and%20other%20districts.pdf*** ***http://www.rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=8136***

Fise.2.4 – Bharatiya Mahila Bank (BMB)

As part of the Financial Inclusion and keeping in view that just about 26% of the women in the country hold a bank account, Bharatiya Mahila Bank (Indian Women Bank) was launched in Mumbai on 19-11-2013 the birth anniversary of the former woman Prime Minister of India Late Indira Gandhi.

With a capital of Rs.10.0 billion, the bank will have a board of eight all women directors from different sectors, to serve women by extending credit mostly to women and women-run businesses, provide support to women SHGs and their livelihoods adding skill building support etc. Though the service would be mostly for women, deposits are sought from all across.

On the inaugural day the bank also started branches in six other cities viz., Ahmedabad, Bengaluru, Chennai, Guwahati, Kolkata and Lucknow. Though the Bank inaugurated its first branch at Mumbai, its headquarters is proposed to be in Delhi. In its plan to focus on and reach out to women in the country, the bank envisages to open at least 25 branches, by the end of this financial year and plans to have 770 branches by 2020, covering Tier-II and Tier-III cities, rural areas and unbanked areas.

The BMB faces several challenges like;

- As a start-up organisation it will take time to establish
- To attract deposits it needs to open branches in the cities and to meet its primary objective of lending to women, especially in the rural areas, it needs to open more branches there. Balancing this branch network is going to be a priority
- It needs to design innovative products to compete in the market which already has several time tested products and services from the existing banks and MFIs
- It should also balance between higher rates of interests on deposits without hiking its lending rates to the people and should be able to play on a level field of operations along with other players in the sector
- Trained staff selection may not be very easy

It is, indeed, hoped that the bank will work to overcomes these challenges and prove that the advent of this bank would be vital in the financial inclusion, especially of women, in the country.

Details	References
Web Link	***http://www.bhartiyamahilabank.com/***

Fise.2.5 – Post offices as Financial Inclusion 'Super Markets'

With over 150,000 post offices with an office for every 21 kms in the country, Post offices should be the first choice towards financial inclusion. Over the years, the Post Office Savings Bank (POSB) has emerged a significant component of India Post's operations and its revenues from financial services, as a hare of its total revenue have steadily increased over time to 45% (2007 figures).

While the phrase 'Financial Inclusion' could be relatively new, Post Offices in India were working on problems of financial inclusion many decades before the phrase was coined.

An expert committee was constituted (in 2006-2007) to examine potential synergies between the efforts at broad based banking and financial services delivery at India Post and the larger policy goal of financial inclusion.

The expert committee examined the role for the postal network in financial inclusion in the context of the presently unmet demand for financial services, the core strengths and capabilities of India Post, as well as of the emerging policy, regulatory and business environment in this area.

Based on extensive finance consumer research and consultation with key stakeholders, the expert committee was of the opinion that succeeding with universal access to financial services will require a considerable role for post offices in India. The National Postal Policy also visualizes an important and continued role for India Post in delivering broad-based banking and financial services.

Though Post offices are already engaged in Savings, Insurance, Social Security Funds and Money Transfers / Remittances, they have not started credit etc. This was mainly hampered due to the technological glitches and now the Post offices are also expediting on computerizing all their activities and to be connected on to the CBS too.

Though some pioneering efforts took place to involve Post offices in the Microfinance activities, a full-fledged thrust could only be possible when Post offices get clearance for Credit and then the Post Offices could indeed become "Financial Inclusion / Microfinance Supermarkets".

During 2006, NABARD implemented a pilot project aiming at making rural post offices into one-stop shops for dispensing loans to SHGs in Sivaganga and Pudukkottai districts and also trained about 200 postmen, for becoming points-men for appraising and training SHGs, in Pudukkottai and Chengalpattu districts, all in Tamil Nadu, India,

With the expectations of a Post Bank in the offing, this vision could soon be translated into reality.

Details	References
Circulars	***1) Report of the expert committee on 'Harnessing the India Post Network for Financial Inclusion' June 16, 2010, New Delhi*** ***2)Results Framework Document for Department of Posts (2013-2014)*** ***RBI's Publication 'Micro Finance (Part 1 of 5)'***
Web Links	***http://www.indiapost.gov.in/Pdf/IIEF-IndiaPostReport.pdf*** ***http://www.indiapost.gov.in/Pdf%5CFinalRFD2013_14_18Nov2013.pdf*** ***http://www.rbi.org.in/scripts/PublicationsView.aspx?Id=10932***

Fise.2.6 – Direct / Electronic Benefit Transfers

Presently 32 schemes, funded by the GoI, are in operation which benefits are to be given directly to the beneficiaries. Direct Benefit Transfer (DBT) of such subsidies into the accounts of the beneficiary under Electronic Benefit Transfer (EBT) would enhance the efficiency of delivery of such services.

Benefits in the areas covered under Financial Inclusion need be transferred electronically into the accounts of the beneficiaries.There have been guidelines both from Department of Financial services, Ministry of Finance, GoI as well as RBI in this regard.

With a view to facilitating Direct Benefit Transfer (DBT) for the delivery of social welfare benefits by direct credit to the bank accounts of beneficiaries, RBI proposed to advise banks to:

- open accounts for all eligible individuals in camp mode with the support of local government authorities;
- seed the existing accounts or the new accounts opened with Aadhaar numbers; and
- put in place an effective mechanism to monitor and review the progress in the implementation of DBT.

The Convener Banks of SLBC must take up this matter in the next SLBC and the roadmap for Electronic Benefit Transfer in respect of each scheme must be finalized.

RBI issued the operational guidelines on implementation of Electronic Benefit Transfer and its convergence with the Financial Inclusion Plan on 12.8.2011.

Under this, “One district-many banks-one leader bank” model is to be adopted. While all Departments of the Government of India (GoI) and State Governments may, for administrative convenience, deal with only one leader bank, such leader bank will obtain the funds from the GoI / State Government and, in turn, arrange to transfer funds through inter-bank transfer to other banks for credit to the accounts of ultimate beneficiaries.

Under the service area approach, while the banks would be responsible for the EBT to the residents in their service area, the residents would be free to choose the bank through whom they would like such transfer of benefits.

Details	References
Circulars	***1) RBI/2011-12/153 RPCD.CO.BC.FID.No. 16/12.01.019/2011-12 dated August 12, 2011*** ***2) 'Strategy and Guidelines for Financial Inclusion' GoI, MoF, Department of Financial Services F. No.21/13/2009-FI (Pt) dated October 21, 2011*** ***3) 'Strategy and Approach for Electronic Benefit Transfer' GoI, MoF, Department of Financial Services F.No.6/23/2012-FI dated June 26, 2012*** ***4) Monetary Policy Statement 2013-14 dated Date: May 03, 2013*** ***5) 'Direct Benefit Transfer (DBT) Scheme – Implementation' RBI/2012-13/498 RPCD.CO. LBS.BC.No. 75/02.01.001/2012-13 dated May 10, 2013***
Web Links	http://rbi.org.in/scripts/NotificationUser.aspx?Id=6673&Mode=0 http://rbidocs.rbi.org.in/rdocs/content/pdfs/EBT120811FA.pdf http://financialservices.gov.in/banking/STRATEGY_AND_GUIDELINES_ON_FINANCIAL_INCLUSION.pdf http://www.slbcap.nic.in/pages/GOI/26062012.pdf http://rbi.org.in/scripts/NotificationUser.aspx?Id=7976&Mode=0#MP http://rbi.org.in/scripts/NotificationUser.aspx?Id=7976&Mode=0

Financial Inclusion–Strategies & Efforts-Quick Index of Circulars

Title	Circular / Relevant Document Reference
Strategy for Financial Inclusion	GoI, MoF, Department of Financial Services F. No. 21/13/2009-FI (Vol II-Pt.) dated April 4, 2012
Using Business Facilitators (BFs) & Business Correspondents (BCs)	RBI/2005-06/288 DBOD.No.BL.BC. 58/22.01.001/2005-2006 dated January 25, 2006
Opening of Ultra Small Branches (USBs) of Banks	1) RBI/2011-12/566 DBOD.No.BL.BC.105/22.01.009/2011-12 dated May 17, 2012 2) GoI, MoF, Department of Financial Services F.No. 21/13/2009-FI (Pt.) dated August 1, 2012 3) Master Circular RBI/2013-14/59 DBOD No. BAPD.BC. 18/22.01.001/2013-14 dated July 1, 2013
Post Offices as Financial Inclusion 'Super Markets'	1) Report of the expert committee on "Harnessing the India Post Network for Financial Inclusion' June 16, 2010, New Delhi 2)Results Framework Document for Department of Posts (2013-2014)
Direct / electronic Benefit Transfers	1) RBI/2011-12/153 RPCD.CO.BC.FID.No. 16/12.01.019/2011-12 dated August 12, 2011 2) 'Strategy and Guidelines for Financial Inclusion' GoI, MoF, Department of Financial Services F. No.21/13/2009-FI (Pt) dated October 21, 2011 3) 'Strategy and Approach for Electronic Benefit Transfer' GoI, MoF, Department of Financial Services F.No.6/23/2012-FI dated June 26, 2012 4) Monetary Policy Statement 2013-14 dated Date: May 03, 2013 5) 'Direct Benefit Transfer (DBT) Scheme – Implementation' RBI/2012-13/498 RPCD.CO. LBS.BC.No. 75/02.01.001/2012-13 dated May 10, 2013

CHAPTER X

POLICY GAPS

Pg.1 – Policy Gaps

Policies are Principles or Guidelines for achieving rational outcomes. Policies are intentions and procedures are the process of translating the intent into a result assisting in both subjective and or objective decision making.

Policies differ from rules or laws and merely guide actions to parties who can use in achieving the desired objectives to the best possible extent.

Policies and procedures are always put in writing to help in governance, compliance and smooth continuity of processes within an organisation.

An eight step policy cycle, developed by Peter Bridgman and Glyn Davis in *The Australian Policy Handbook* (http://en.wikipedia.org/wiki/Policy) details the process as;

1. Issue identification
2. Policy analysis
3. Policy instrument development
4. Consultation (which permeates the entire process)
5. Coordination
6. Decision
7. Implementation
8. Evaluation

The main purpose of policies and procedures is to maintain control and illustrate the scheme and systems of management.

Government and regulators bring in policies and regulations keeping in mind the overall environment at the global and as well as at the national level. At the same time, they also try to protect the interest of the country and its citizens and to provide an enabling and conducive environment to the industry players.

However, in the globalization era, as the dynamic environment keeps on changing and the practices at the diverse geographies within India being very unique, many policy level gaps continue to emerge, especially at the coordination and implementation levels. These gaps need to be documented and taken to the notice of the policy makers for making suitable revisions, so that the policies could be modified if and when required to serve the real objectives, for which they are made.

Pg.2 - Dynamics in the Indian Policy Environment

Economic Intelligence Unit (EIU) of 'The Economist' group, tracks the micro finance business environment in 55 countries every year, through its global microscopic survey on micro finance. The table shows the dynamics in India over two latest years.

India's ranking in Global microscopic survey 2011 & 2012:

Sl. #	Parameters	2011		2012		Change over last year
		Score	Rank	Score	Rank	
1	Regulatory Framework and Practices	50.0	22	45.0	28	+5.0
2	Supporting Institutional Framework	40.0	20	55.0	8	+15.0
3	Stability	62.5	40	37.5	49	-25.0
4	Overall Microfinance Business Environment	43.1	27	45.7	22	+2.6

As the survey for the 2012 Microscopic study was conducted during April-June 2012, the enabling policy changes introduced by RBI in August 2012 will be reflected in the 2013 survey and ranking.

Likewise, "Doing Business in India 2013", a report by International Finance Corporation (IFC) also tracks the business environment every year and overall India is ranked as 132 out of 185 countries. The report highlights that India is 'ranked 23 in ease of getting credit' and 'ranked 184 in enforcing the contract'. Hence, there is much scope for policy changes in micro finance to spur the economic growth in local economy, which will result in more inclusive growth in India.

The policy gaps that need to be revisited by the regulators and the governments are listed herein below.

Pg.3 – Policy Gaps in Micro Savings

Pg.3.1 – No Access to Tap Savings by the MFIs

In many countries, Savings is one of the stable sources of funding for MFIs. Even during financial crisis times, when foreign investors exit, these small savings are of great help in providing liquidity and stability.

As many “fly-by night operators” cheated the public earlier, by rolling out fancy savings scheme, RBI is very conservative in allowing the access to savings for MFIs. However, many MFIs in the country have established the last mile connectivity and started acting in a more responsible manner after the Andhra Pradesh crisis.

RBI can revisit this policy and may allow those MFIs with good reputation, systems and processes to access the savings of the members formed and nurtured by and attached to those MFIs. This will enable the MFIs to reduce the cost of funding for their micro finance operations, which will benefit the clients in the long run.

After allowing the MFIs to access savings, to protect the interest of the clients, Government may extend the deposit insurance facility to MFIs also like banks.

Pg.3.2 – Permitting NBFC-MFIs to be BFs / BCs

While RBI has permitted the NGO-MFIs in the form of Societies, Trusts and Section 25 companies to be the Business Facilitators (BFs) / Business Correspondents (BCs) of banks, NBFC-MFIs are not allowed to be the BCs of banks. But as the government’s expectation from MFIs now is holistic and as most of the NBFC-MFIs have established technology based systems and processes, RBI should permit them too to be the BFs / BCs of banks, so that the range of savings products of banks can be offered to the SHG members through the retail outlets of the NBFC-MFIs.

Pg.3.3 – Ensuring India Post opening SB Accounts in the name of SHGs

India Post is having an excellent network of over 150,000 post offices across the country and mostly in rural areas too. India Post had entered into an agreement with NABARD for extending the SHG credit linkage facility through post offices. During the pilot phase of the project in Tamilnadu, Post offices opened SB accounts for SHGs in the name of SHGs. But, now after the project closure, Post offices refuse to open the SB accounts in the name of SHGs, but they open the SB accounts in the joint names of SHG leaders.

India Post should make a policy announcement in this regard so as to recognize the SHG as an entity, even though an informal one, like RBI did for banks and facilitated the opening of SB accounts of SHGs in banks. This will benefit both the India Post and the SHGs.

Pg.3.4 – Making Auditing of SHG Accounts Mandatory to Promote Voluntary Savings

Most of the SHG members contribute their 'Agreed upon Compulsory Savings within the SHG' and normally use Chit funds or other informal savings systems, to save any disposable amounts and run the risk of being cheated. This requires adequate comfort in trust levels to save within the SHGs.

This could be made possible by;

a) Ensuring that the book keeping at SHG level is strengthened and monitored regularly by the SHG concerned, the nurturing NGO / MFI / Banks so that any misuse by SHG leaders can be avoided and member confidence can be gained.

b) Making the Audit of SHG books mandatory for credit linkage by banks, financial discipline and thus security can be brought back into erring SHGs.

RBI / NABARD should direct the banks to insist on mandatory audit of SHG books of accounts by external chartered accountants every year before extending any credit linkage from the banks and this will improve the book keeping at SHG level and members will come forward to save with SHGs through optional / voluntary savings, which is being focused by NABARD under SHG 2.

Pg.3.5 – Monitoring of Savings of SHGs

The total corpus funds of the SHGs are in the form of ‘Cash on hand’, ‘Cash at bank’, ‘Investment/s in fixed deposits with banks’ and as ‘Internal loan outstanding portfolio’. Out of these, only the cash available in bank a/c of the SHG is being tracked as savings of the groups.

NABARD has estimated that the over Rs.150 billion is outstanding as internal loans with SHG members. If the total SHG savings of Rs.65.50 billion available with banks as at the end of March 2012 is added, the total savings mobilized by all SHGs in India could well exceed Rs.220 billion.

Hence, NABARD should introduce the guidelines for monitoring of savings of SHGs in a comprehensive way including the SHG loan outstanding amount.

Pg.3.6 – Indicators for Financial Inclusion

RBI earlier monitored the opening of “No-frills accounts” as a key indicator for financial inclusion. Though, 100% financial inclusion had already been declared in many districts, various studies indicated that some households are left out of formal banking system.

As is evident from a study by the SKOCH Foundation, most of the “No-frills accounts” opened in the country remained inoperative, and that only about 9% of the ‘No-frills accounts’ are operative.

RBI, vide its circular issued in Aug 2012 has asked the banks to convert the ‘No-frills accounts’ as Basic Savings Bank Deposit accounts. Hence, RBI should modify the guidelines from ‘monitoring of opening of accounts’ to ‘actual use of account’, to really measure the extent of financial inclusion.

Pg.3.7 – Penalising for debiting SB Accounts by bankers without customers' consent

As a fair practice, banks have to take the consent of the customers for any debit in their SB account, by properly explaining the reason for such debits. Many banks debit the SB account of SHGs without obtaining prior consent from the concerned SHGs for making insurance premium payments etc.

As a client protection measure, RBI should introduce a regulation, which will provide for payment of penalties / fines by banks, to the customers / clients, if they violate the fair practices and debit the SB accounts of SHGs or Microfinance clients without obtaining their prior consent.

Pg.4 – Policy Gaps in Micro Credit

Pg.4.1 – Minimum Regulatory Capital

As per the recent RBI directives on NBFC-MFIs, the minimum regulatory capital for a new NBFC-MFI has been fixed as Rs.50 Million and for NBFC-MFIs in North East, it has been fixed as Rs.20 Million.

The section 15 (i) of Microfinance Bill 2012 stipulates that MFIs should have a minimum net owned funds of Rs.500,000 or other higher amounts as specified by regulations. Prescribing a too low level of Rs.500,000 will attract multi various players, who may or may not seriously focus on the mission and it would become difficult for effective supervision by the regulators.

Current requirement of regulatory capital of Rs.50 Million is at a higher level and beyond the reach of small MFIs and community owned MFIs and they may have to be merged or closed down. At the same time the minimum Net owned fund requirement of Rs.500,000 is also quite low.

Hence, the regulator should take into account the status of small MFIs and community owned MFIs, as also the mission of the NBFC-MFI and fix a reasonable level of regulatory capital requirement at Rs.2.5 Million.

Pg.4.2 – Income Ceiling for eligibility of 'Qualified Assets'

RBI has stipulated a condition that to be eligible to be a "Qualified Asset", which will be treated as Priority sector lending by banks, MFIs have to extend micro finance to members with a household income not exceeding Rs.60,000 in rural areas and not exceeding Rs.120,000 in non-rural areas. MFIs get declaration for the household income from the members and extend finance to the clients. When the members take a series of loans and benefit out of the entrepreneurial activities, their income is bound to increase beyond this cut-off level and they become ineligible to draw credit from the MFIs.

Hence, RBI should revisit this criterion and may prescribe

a) a higher level of household income for entry level clients and for the first loan only.

or

b) prescribe variable limits for the SHG members graduating to higher levels year by year.

Recently, Ministry of Housing and Urban poverty alleviation has raised the income ceilings for their programmes and this may be taken as an indicator to fix the higher income limits.

Pg.4.3 – Allocation to Income Generating Activities (IGAs)

As per the RBI directives in Dec 2011, NBFC-MFIs were required to ensure that the aggregate amount of loans given for income generation is not less than 75 per cent of the total loans extended.

As the target clientele is predominantly at the subsistence level and basic human requirements stand to gain priority over income generation activities, it has been reconsidered, as per the revised RBI directive on 3rd August 2012, that IGAs should constitute at least 70 per cent of the total loans of the MFI so that the remaining 30 per cent can be for other purposes such as housing repairs, education, medical and other emergencies.

In a poor household, the distinction between a productive activity and consumption activity is a grey area. For e.g., loan to housing / house repair may be treated as consumption activity. But, in many of the poor households, the enterprise activity itself is carried out inside home and any improvements in housing leads to the increase in business operations, as better storage is ensured or additional production facilities are made available because of investment in housing.

Likewise, the investment in education may be viewed by banks as consumption activity, but for the poor household, it is an investment in human capital development and it will fetch a greater return on investment in the long run.

Several MFIs address the special needs of the clients and act in niche markets like Guardian MFIs, dedicated for the development of Water, Sanitation and Health (WASH) improvement among the underprivileged people.

Hence, RBI should revisit this regulation and choice of asset allocation be left to the MFIs, so as to serve the needs of the clients in a more client-centric manner.

Pg.4.4 – Ceiling for Microfinance Limit

RBI has advised the MFIs regarding the quantum of loan under the micro finance and the limit stipulated for micro finance is Rs.50,000 per member. For graduated SHG members (those who have completed three loan cycles and repaid promptly and proved their credit repayment track record), the loan requirement for scaling up their enterprises is beyond Rs.50,000 and such members now become ineligible for financing by MFIs. This deprives MFIs from the opportunity of financing a relatively risk-less segment and also a good client base, who have been nurtured through their credit programs.

The micro finance bill 2012, has taken a proactive step and stipulated the limit for micro credit as not exceeding in aggregate Rs.500,000 for each individual and for such special purposes, as may be specified by the Reserve Bank from time to time, such higher amount, not exceeding Rs.1.0 Million.

Taking into consideration the rising prices and ever increasing inflationary trends, RBI should consider raising the micro credit limit to Rs.100,000 per individual and this limit may also be prescribed for bank lending to mf clients, as there is no limit for banks now.

Pg.4.5 – Lending to Wholesale MFIs by banks

Wholesale MFIs (e.g., Ananya Finance for Inclusive Growth Private Limited) offer bulk loans to small MFIs for on-lending to micro entrepreneurs and help them to become sustainable MFIs. But, lending to whole-sale MFIs by banks for on-lending to retail MFIs is not considered as Priority sector advances.

RBI should revise its guidelines and bring this advance of lending to wholesale MFIs by banks under the purview of priority sector advances of banks, which will improve the credit delivery through this channel.

Pg.4.6 – ECB by SIDBI for MFIs

MFIs are permitted by RBI to avail External Commercial Borrowings (ECBs) upto a specified limit every year. When MFIs take the ECB loan in foreign currency, they are subjected to exchange risk as the foreign exchange market in India is highly volatile.

Recently, in Nov 2012, SIDBI has been permitted to raise an ECB loan for on-lending to MSME sector.

Likewise, Govt and RBI may introduce a scheme so that SIDBI could raise an exclusive ECB loan for on-lending to MFIs, which will enable the MFIs to draw the rupee loans without providing for foreign exchange risk.

Pg.4.7 – Pricing of MFI Loans

RBI, vide its circular issued in December 2011, stipulated the pricing cap for interest as 26% on reducing balance. But, in the circular issued in August 2012, RBI has given the flexibility to MFIs even to exceed the 26% interest rate on individual loans, subject to the margin cap of 10% for MFIs with more than Rs.1.0 Billion portfolio and 12% margin cap for MFIs with less than Rs.1.0 Billion portfolio.

RBI also mentioned that NBFC-MFIs will ensure that the average interest rate on loans during a financial year does not exceed the average borrowing cost during that financial year plus the margin, within the prescribed cap.

It is not very clear whether RBI intends this cap’s applicability only for the ‘Qualifying Assets’ and not for ‘Other Loan Assets’.

RBI has to clarify / specifically announce that the margin caps are applicable only for the qualifying assets, so that the MFIs can cross subsidize the wafer thin margins available in qualifying assets from other loan assets, which may be to the extent of 15% of the total loan portfolio.

Pg.4.8 – Interest Subsidy for SHG Loans

Many state governments are operating interest subvention schemes for SHG lending by the banks. Under the National Rural Livelihood Mission (NRLM) project also, it is envisaged that the interest subsidy (the rate over the base rate of 7% will be deemed as the eligible amount for interest subvention) will be available to SHGs. The interest subvention, distort the market developments.

Hence, instead of direct subsidy, government can invest such allocations in public goods like free accounting software for SHGs and Management Information System (MIS) for SHG federations and capacity building.

RBI should revisit the Interest subsidy scheme for SHGs, and suggest a productive method of reaching it for the benefit of the SHGs without the present form and without withdrawing it either.

Pg.4.9 – Stamp duty for *Inter Se'* Agreement

Many state governments have waived the stamp duty for *Inter Se'* agreements, being executed by the SHGs, while linking themselves with the banks. But, when SHGs, link with the NGOs / MFIs and execute the *Inter Se'* agreements, they need to incur the stamp duty of Rs.100 for each such agreement.

GoI / RBI can revise this regulation, so that wherever and whenever a SHG executes an *Inter Se'* agreement, be it with MFIs or be it with NGOs, it can be exempted from paying stamp duty.

Pg.4.10 – Microfinance Development Fund

The micro finance bill 2012 provides for a "Microfinance Development Fund", which will be managed by the RBI. The fund is to be used by RBI to provide loans, refinance, grant, seed capital or any other micro credit facilities to any micro finance institution or any other agency.

RBI being the regulator, and when it is expected to "provide loans, refinance, grant, seed capital or any other micro credit facilities to any micro finance institution or any other agency which the Reserve Bank may by regulations specify.." and play the role of a lender as well and become an implementing agency, there would be conflict of interest.

Hence, the Government / RBI may vest the powers of managing the Microfinance Development Fund to any other suitable agency.

Pg.4.11 – Formation of exclusive MF Regulatory Authority

The Micro finance bill 2012 covers all forms of MFIs, be it a Society, Trust, Section 25 Company or a NBFC and it also provides for the powers to RBI to delegate the power of regulation to NABARD.

As all forms of MF delivery organizations are proposed to be covered under the new MF Bill 2012 and as NABARD is also involved in many rural development initiatives, it could be an ideal option to hive off the Micro Credit Innovation Department (MCID) of NABARD as a separate entity for regulating Microfinance. Government and RBI may decide to form an exclusive regulatory authority for MF in this form.

Pg.4.12 – Provision of Credit Guarantee Fund Trust Cover

Banks give individual loans to SHG members, who have completed 3 or 4 loan cycles in the SBLP group loan and for those SHGs who proved their credit track record. But, many banks are unable to cater to this graduated SHG client segment, as the clients are not in a position to offer any tangible collateral security to the banks.

The present scheme offered by Credit Guarantee Fund Trust (CGFT) covers only Micro, Small and Medium Enterprises (MSME) involved in production and service activities. As most of the SHG members in this graduated segment are also involved in trading activities, this segment becomes ineligible for CGFT cover.

Recently, Ministry of Housing and Urban poverty alleviation introduced a scheme of credit guarantee cover to the loans offered to SHGs for Low Income Group (LIG) Housing loans.

GoI may extend similar credit guarantee cover for the graduated SHG members who avail individual bank loans from the banks, which will make the banks extend more finance to this segment.

Pg.4.13 – Sanctioning SHG Loans at Branch Level of Banks

Earlier RBI has advised the banks to give the SHG Loan Sanction Powers (LSP) to the Branch Managers (BMs) so as to ensure the quick disposal of loan applications. Accordingly, each bank has delegated LSPs ranging from Rs. 100,000 to Rs. 500,000 to its BMs.

But some banks (e.g., State Bank of India) have withdrawn the SHG LSPs given earlier to their BMs and the Loan Applications are being sent by the branches to the regional offices for processing by loan processing hubs, which takes more time and results in a delay ranging from 15 days to 30 days.

Hence, RBI should again direct banks to give the SHG LSPs to the BMs, of all banks across the country, which will ensure quick disposal of loan applications and sanction of loans.

Pg.4.14 – Uniform Documentation for SHG Loans

The ‘Working Group of NGOs and SHGs’ constituted by RBI in 1994 and chaired by Shri S. K. Kalia suggested a Uniform documentation for SHG loans and the same was accepted by RBI who had given the directions in this regard.

But, in the recent times, many banks are following different sets of documentation and the NGOs and SHGs at the field level are facing many problems, as for the same loan, different branches of the same bank demand different sets of documents.

Hence, NABARD may come out with a revised uniform documentation for SHG loans.

Pg.4.15 – Sharing of SHG Loan data with Credit Bureaus by Banks

Now, many larger MFIs have started sharing the SHG Loan data with the Credit Bureaus and it helps them to check the over indebtedness to a certain extent.

Since banks are not sharing the SHG loan data with credit bureaus, the check on the level of over indebtedness will not be complete.

RBI may direct the banks to take the SHG member-wise loan data, while disbursing the SBLP group loans and share the member-wise SHG loan information with the Credit Bureau/s which certainly will go well in checking over-indebtedness as well as multiple lending issues.

Pg.4.16 – Microfinance Fair Practice Codes for Banks

RBI has prescribed Fair Practices Code (FPC) to MFIs and as a result, MFIs have introduced several fair practices and client protection measures like acknowledgement of application in a tear-off, giving the copy of sanction ticket & a copy of loan contract in local language and displaying of effective rate of interest in branch premises and loan card.

RBI may prescribe the same set of fair practice codes to Banks also, so that SHG members who are dealing with the banks will also get the benefit.

Pg.4.17 – Common district-wise Repository of SHG data / SHG database

In many districts of the states, no common SHG database is available.

In addition to Banks and MFIs, many govt. departments like Agriculture, Forest, Horticulture, Rural Development and Women Development Corporations (WDCs) form the SHGs and maintain their database. In the process, this leads to much overlaps at the field level.

Hence, RBI should introduce a system of registration of SHGs towards a common district-wise repository of SHG data / SHG database to be maintained by responsible officers like the District Development Manager (DDM) of NABARD.

Pg.4.18 – Special SHG branch of banks in each block

Many banks have started specialized branches for SHGs, which have done well in enhancing the outreach.

Indian Bank which started the Microsate branches to cater exclusively to the Microfinance clients has so far promoted about 45 such specialized branches across India. In such branches, the focused approach always will be to serve the clients better.

Hence, RBI may direct the lead bank to allot each block to one interested bank, so that the interested bank shall start a specialized branch for SHGs in that block.

Pg.4.19 – Regulatory Overlap

As both the State and Central Governments in India issue policies, directions and guidelines regarding Microfinance in the country, there is a regulatory overlap in micro finance, which render them difficult for implementation.

As the Microfinance Bill 2012 provides for the overriding effect to GoI over other laws of the state governments, RBI should either take full responsibility or designate a single regulating body to regulate and monitor this sensitive sector.

Pg.5 – Micro Insurance

Pg.5.1 – Recognition of Mutual Insurance Model

In India, several organisations practice Mutual Insurance with varied successes.

Though Mutual insurance is emerging as a more client friendly insurance product offering channel, IRDA is yet to recognize this model.

IRDA should revisit its stand and should approve this community based model with the support of reinsurance from mainstream insurance companies for these mutual.

Pg.5.2 – NBFC-MFIs not allowed as Micro Insurance Agents (MIAs)

Agents play a key role for promoting insurance schemes. To increase the penetration of micro insurance, the sector needs a broad based insurance agents' structure. MFIs in other forms than NBFC-MFIs are allowed to be the Micro Insurance agents by IRDA. NBFC-MFIs have a large network of retail units and have established the last mile connectivity in rural areas.

Hence, IRDA, the regulator, should revise the policy to permit the NBFC-MFIs to be Micro Insurance Agents (MIAs).

Pg.5.3 – Thrust on Micro Insurance

Even though, IRDA has stipulated the rural and social sector obligations to insurance companies, the penetration under micro insurance is still at a low with a sale of 3.65 million micro insurance policies covering the lives of 18.9 million people in 2010-11[8].

Out of the total insurance companies in India, only 14 companies have registered micro insurance products with IRDA and only 7 insurance companies have actually sold micro insurance products in 2010-11.

Hence, to improve the micro insurance penetration, IRDA should give directions to insurance companies prescribing specific targets for direct Micro insurance business outreach, like RBI's directive to banks on 40% of their lending to priority sector.

[8] 'Securing the silent Micro Insurance in India – The story so far'- Microsave, November 2012

Pg.5.4 – Ceiling on / Uniform commission for all years

IRDA has stipulated a maximum ceiling of 20% of premium as the maximum commission payable to the agents for promoting micro insurance business and that the commission should be uniform for the subsequent years.

IRDA should revise the policy and should give freedom to the insurers to fix the commission to match with the market requirements.

Pg.5.5 – Agents for one company only

In Micro insurance, IRDA has allowed the brokers to act as agents for different companies, whereas the agents are allowed to act as agents for only one insurance company. The clients may be attracted towards multiple companies, as the product offering differ widely.

Hence, IRDA should revisit this clause and allow the agents to be an agent for multiple insurance companies, so that they can offer a wide range of products to the target population in the micro insurance market.

Pg.6 – Micro Pensions

Pg.6.1 – Re-designing Product Features of NPS-Lite

New Pension Scheme (NPS) – Lite, offered under the National Pension Scheme and the pension product offered by the NABARD supported pilot with Invest India Micro Pension Services Private Limited (IIMPS) has wide variations in the product offering. Hence, redesigning of NPS-Lite by the government is the need of the hour.

- NPS-Lite: A maximum contribution of Rs.12,000 only can be invested per annum. In IIMPS scheme, no limit.
- If payments are missed by the member, a fine of Rs.100 is charged under NPS-Lite scheme, but in IIMPS scheme, there is no fine.
- Under NPS-Lite, the minimum per member per month is Rs.500, whereas the minimum under IIMPS, the minimum is allowed Rs.100.
- NPS-Lite specifies a lock in period of 20 years, but IIMPS provides for a shorter period of 5 years.

Hence, NPS-Lite product needs to be redesigned to match with the pension product of IIMPS.

Pg.7 – Capital Market

Pg.7.1 – Distribution of Mutual Funds Product

The existing regulation requires a company, which will distribute Mutual funds products should have a net owned fund of Rs.1.0 Billion. To augment the fee based income of MFIs and to increase the penetration of mutual funds into the bottom of the pyramid market, NBFC-MFIs may be allowed by RBI to distribute the mutual fund products through its retail outlets, which will benefit the SHG members to participate in the capital market.

CHAPTER XI

REGULATORY BODIES, GOVERNMENT INSTITUTIONS, VARIOUS PROMOTIONAL/SUPPORT INSTITUTIONS AND NETWORKS

Rsp.1 – Regulatory Bodies

As mentioned in the beginning of this book, resources for any concept could range from very few to too many. Thankfully, in the case of Microfinance the resources are many. Some of those resources, with brief details, are being mentioned here.

Rsp.1.1 - Microfinance Regulatory Organisations (India)

Rsp.1.1.1 - Insurance Regulatory and Development Authority (IRDA)

The insurance sector is a colossal one and is growing at a speedy rate of 15-20%. Together with banking services, insurance services add about 7% to the country's GDP.

A well-developed and evolved insurance sector is a boon for economic development as it provides long- term funds for infrastructure development at the same time strengthening the risk taking ability of the country. And an institution is required to promote and regulate such a growth in the country.

Constituted by a Parliament of India act called Insurance Regulatory and Development Authority Act, 1999, IRDA was constituted in the year 2000 as an autonomous apex statutory body which regulates and develops the insurance industry in India.

The key objectives of the IRDA is to protect the interest of and secure fair treatment to policyholders and among others, include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market.

The Authority has the power to frame regulations under Section 114A of the Insurance Act, 1938 and has from 2000 onwards framed various regulations ranging from registration of companies for carrying on insurance business to protection of policyholders' interests.

Contact Information

Particulars	Details
Head Office	Insurance Regulatory and Development Authority 3rd Floor, Parisrama Bhavan, Basheer Bagh HYDERABAD 500 004 Andhra Pradesh, India Ph: +91 40 2338 1100 - Fax: +91 40 6682 3334 / 6678 9768
Grievance Addressing	Insurance Regulatory and Development Authority 3rd Floor, Parisrama Bhavan, Basheer Bagh HYDERABAD 500 004 Andhra Pradesh, India Ph: +91 40 2338 1100 - Fax: +91 40 6682 3334 / 6678 9768 ***complaints@irda.gov.in***
Website	***http://www.irda.gov.in***

Rsp.1.1.2 - Pension Fund Regulatory and Development Authority (PFRDA)

PFRDA was established by Government of India on 23rd August, 2003. The Government has, through an executive order dated 10th October 2003, mandated PFRDA to act as a regulator for the pension sector.

The mandate of PFRDA is development and regulation of pension sector in India.

As a first step towards instituting pension reforms, Government of India moved from a defined benefit pension to a defined contribution based pension system by making it mandatory for its new recruits (except armed forces) with effect from 1st January, 2004.

The New Pension System (NPS) reflects Government's effort to find sustainable solutions to the problem of providing adequate retirement income. Since 1st April, 2008, the pension contributions of Central Government employees covered by the NPS are being invested by professional Pension Fund Managers (PFMs) in line with investment guidelines of Government applicable to non-Government Provident Funds.

PFRDA has set up a Trust under the Indian Trusts Act, 1882 to oversee the functions of the PFMs. The NPS Trust is composed of members representing diverse fields and brings wide range of talent to the regulatory framework.

PFRDA also intends to intensify its effort towards financial education and awareness as a part of its strategy to protect the interest of the subscribers. PFRDA's efforts are an important milestone in the development of a sustainable and efficient voluntary defined contribution based pension system in India.

Contact Information

Particulars	Details
Contact Address & Grievance Addressing	Pension Fund Regulatory and Development Authority (PFRDA) First Floor, ICADR Building Plot # 6, Vasant Kunj Institutional Area, Phase – II New Delhi 110 070, India Ph: +91 11 2689 7948 / 49 Fax: +91 11 2689 7938 Toll Free: 1800 110 708 grc@pfrda.org.in
Website	http://www.pfrda.org.in/

Rsp.1.1.3 - Reserve Bank of India (RBI)

Reserve Bank of India, the nation's Central Bank, has been established in 1935 as per the Reserve Bank of India Act 1934.

As the nature of the Indian economy and financial sector changed, so did the bank's role and functions by undergoing numerous changes.

A core function of the Reserve Bank has been the formulation and implementation of monetary policy with the objectives of maintaining price stability and ensuring adequate flow of credit to productive sectors of the economy maintaining financial stability. The objective of maintaining financial stability has spanned its role from external account management to oversight of banks and non-banking financial institutions as also of money, government securities and foreign exchange markets.

RBI designs and implements the regulatory policy framework for banking and non-banking financial institutions with the aim of providing people access to the banking system, protecting depositors' interest, and maintaining the overall health of the financial system. Its function of regulating the commercial banking sector, which emerged with the enactment of the Banking Regulation Act, 1949, has over time, expanded to cover other entities. Thus, amendments to the Banking Regulation Act, 1949 brought cooperative banks and regional rural banks under the Reserve Bank's jurisdiction, while amendments to the Reserve Bank of India Act saw development finance institutions, non-banking financial companies.

The rapid pace of growth achieved by the financial system in the deregulated regime necessitated a deepening and widening of access to banking services. The new millennium has seen the Reserve Bank play an active role in balancing the relationship between banks and customers; focusing on financial inclusion; setting up administrative machinery to handle customer grievances; pursuing clean note policy and ensuring development and oversight of secure and robust payment and settlement systems.

Reserve Bank has its offices, including branches, at 27 locations in India.

Two important Central Office Departments relevant to MFI are the Rural Planning and Credit Department (RPCD) and the Department of Non Banking Supervision (DNBS).

Contact Information

Particulars	Details
Head Office	Reserve Bank of India Central Office Building Shahid Bhagat Singh Marg Mumbai 400 001, Maharashtra, India Ph: +91 22 2260 1000 Fax: +91 22 2266 0358
DNBS	Chief General Manager-in-Charge Reserve Bank of India Department of Non-Banking Supervision Central Office Centre – I, World Trade Centre, Cuff Parade Mumbai 400 005, Maharashtra, India Ph: +91 22 2218 4868 Fax: +91 22 2215 0540 / 2216 2768
RPCD	Chief General Manager Reserve Bank of India Rural Planning and Credit Department Central Office Building 13th Floor Shahid Bhagat Singh Marg Mumbai 400 001, Maharashtra, India Ph: +91 22 2261 0586 Fax: +91 22 2261 0948
Website	http://www.rbi.org.in

Rsp.1.1.4 - Securities and Exchange Board of India (SEBI)

Deriving its authority from the Capital Issues (Control) Act, 1947, the Controller of Capital Issues was the regulatory authority before SEBI came into existence

Later, SEBI was formed by the Government of India in 1992 with SEBI Act 1992 initially as a non statutory body without any or with limited statutory powers. But in 1995, SEBI was given additional statutory power by the Government of India through an amendment to the Securities and Exchange Board of India Act 1992. In April, 1998 the SEBI was constituted as the regulator of capital markets in India under a resolution of the Government of India.

The basic functions of the Securities and Exchange Board of India, among other things, are

"...to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto"

SEBI has three functions rolled into one body:

1) Quasi-legislative - drafts regulations in its legislative capacity

2) Quasi-judicial - conducts investigation and enforcement action in its executive function and it passes rulings and orders in its judicial capacity

3) Quasi-executive.

Particulars	Details
Contact Address	Securities and Exchange Board of India Plot # C4-A, 'G' Block Bandra Kurla Complex, Bandra East Mumbai 400 051, Maharashtra, India Ph: +91 22 2644 9000 / 4045 9000 Fax: +91 22 2644 9019-22 / 4045 9019-22
Website	***www.sebi.gov.in***

Rsp.1.2 - Microfinance Apex Institutions (India)

Rsp.1.2.1 - National Bank for Agriculture and Rural Development (NABARD)

NABARD is set up as an apex Development Bank with a mandate for facilitating credit flow for promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts. It also has the mandate to support all other allied economic activities in rural areas, promote integrated and sustainable rural development and secure prosperity of rural areas.

Two departments concerned with Financial Inclusion and Microfinance are;

Financial Inclusion Department

The core activities of the Department are to carry forward the agenda of financial inclusion of the excluded population in general and operationalising the Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF), in particular.

Objectives of FIF;

- To support 'developmental and promotional activities' with a view to securing greater financial inclusion, particularly among weaker sections, low income groups and in backward regions / hitherto unbanked areas."

Objectives of FITF;

- To enhance investment in Information Communication Technology (ICT) aimed at promoting financial inclusion, stimulate the transfer of research and technology in financial inclusion, increase the technological absorption capacity of financial service providers/ users and encourage an environment of innovation and cooperation among stakeholders.

Micro Credit Innovation Department

This department in involved in;

- Policy Planning and monitoring of micro finance programme
- Support to SHPIs for promotion and credit linkage of SHGs
- Capacity building of stakeholders in Core Business microfinance
- Promotion of micro enterprises among members of SHGs
- Rating/ Capital/Equity/ RFA support to MFIs
- Special Initiatives in Resource Poor Regions

NABARD has intensified its efforts for roping in new partners for promotion and linkage of groups in regions where the growth of groups has not been commensurate with potential.

Particulars	Details
Head Office	National Bank for Agriculture and Rural Development Plot # C24, 'G' Block Bandra Kurla Complex, Bandra East Mumbai 400 051, Maharashtra, India Post Box No. 8121 Ph: +91 22 2653 9895 / 96 / 99
Financial Inclusion Department	Chief General Manager National Bank for Agriculture and Rural Development Plot # C24, 'G' Block, 2nd Floor, 'B' Wing Bandra Kurla Complex, Bandra East Mumbai 400 051, Maharashtra, India Post Box No. 8121 Ph: +91 22 2653 0057 Fax: +91 22 2653 0098 **fic@nabard.org**
Micro Credit Innovations Department	Chief General Manager National Bank for Agriculture and Rural Development Plot # C24, 'G' Block, 4th Floor, 'D' Wing Bandra Kurla Complex, Bandra East Mumbai 400 051, Maharashtra, India Post Box No. 8121 Ph: +91 22 2653 0084 / 2653 9272 Fax: +91 22 2652 8141 **mcid@nabard.org**
Website	***www.nabard.org***

Rsp.1.2.2 - Rashtriya Mahila Kosh (RMK)

Rashtriya Mahila Kosh (RMK), The National Credit Fund for Women, is a national level organisation formed in March 1993 under the aegis of Department of Women and Child Development, Ministry of Human and Resource Development, New Delhi, as Registered Society under the Society Registration Act 21, 1860.

The operating model currently followed by RMK is that of a facilitating agency wherein RMK provides loans to NGO-MFIs termed as Intermediary Organisations (IMOs) which on-lend to Women SHGs (WSHGs). RMK also has appointed nodal agencies and franchisees for furthering of its objectives of reaching out to the women beneficiaries with easy access of micro credit for income generating activities.

RMK extends micro-credit to the women in the informal sector through a client friendly, without collateral and in a hassle-free manner for IGAs. RMK has taken a number of promotional measures to popularize the concept of micro financing, enterprise development, thrift and credit, formation and strengthening of WSHGs through intermediary organisations.

Contact Information

Particulars	Details
Address	Rashtriya Mahila Kosh 1, Abul Fazal Road, Bengali Market New Delhi 110 001, India Ph: +91 11 2335 4619 / 2335 4620 / 2335 4628 Fax: +91 11 2335 4621
Website	http://rmk.nic.in/

Rsp.1.2.3 - Small Industries Development Bank of India (SIDBI)

Ranking among the top 30 Development Banks in the world Small Industries Development Bank of India (SIDBI), set up on April 2, 1990 under an Act of Indian Parliament, is the Principal Financial Institution for Promoting, Financing and Developing the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities.

Four basic objectives set out in the SIDBI Charter are;

- Financing
- Promotion
- Development
- Co-ordination

for orderly growth of industry in the small scale sector.

Contact Information

Particulars	Details
Head Office	Small Industries Development Bank of India SIDBI Tower 15, Ashok Marg Lucknow 226 001, Uttar Pradesh, India Ph: +91 522 2288 547-50
Website	http://www.sidbi.com/

Rsp.1.2.4 - SIDBI Foundation for Micro Credit (SFMC)

SIDBI Foundation for Micro Credit (SFMC) was launched by the Bank in January 1999 for channelising funds to the poor in line with the success of pilot phase of Micro Credit Scheme. SFMC's mission is to create a national network of strong, viable and sustainable Micro Finance Institutions (MFIs) from the informal and formal financial sector to provide micro finance services to the poor, especially women.

SFMC is the apex wholesaler for micro finance in India providing a complete range of financial and non-financial services such as loan funds, grant support, equity and institution building support to the retailing Micro Finance Institutions (MFIs) including two-tier MFIs so as to facilitate their development into financially sustainable entities, besides developing a network of service providers for the sector.

SFMC plays a significant role in advocating appropriate policies and regulations and to act as a platform for exchange of information across the sector. The launch of SFMC by SIDBI has been with a clear focus and strategy to make it as the main purveyor of micro finance in the country.

SIDBI provides support by way of a mix of Tier – I and Tier – II equity capital to eligible institutions, especially to new generation MFIs which are generally in the pre-breakeven stage requiring special dispensation, not only to enable them meet the capital adequacy requirements but also to help them leverage debt funds.

It extends Transformation Loans (TLs) as a quasi-equity type support to partner MFIs that are in the process of transforming themselves / their existing structure into a more formal and regulated set-up for exclusively handling micro finance operations in a focused manner.

Contact Information

Particulars	Details
Head Office	SIDBI Foundation for Micro Credit SIDBI Tower 15, Ashok Marg Lucknow 226 001, Uttar Pradesh, India Ph: +91 522 2288 547-50 ***sfmc@sidbi.in***
Website	***http://sidbi.in/?q=sidbi-foundation-micro-credit***

Rsp.1.3 – National Level Government Support Organisations (India)

Rsp.1.3.1 - (Department) Ministry of Women and Child Development, GoI (DWCD)

The Department of Women and Child Development (DWCD) was formed in 1985 as a part of the Ministry of Human Resource Development and effective January 2006, DWCD has been upgraded to a Ministry.

The broad mandate of the Ministry is to have holistic development of Women and Children.

As a nodal Ministry for the advancement of women and children, the Ministry formulates plans, policies and programmes, enacts / amends legislation, guides and coordinates the efforts of both governmental and NGOs working in the field of Women and Child Development.

For the holistic development of the child, the Ministry has been implementing the world's largest and most unique and outreach programme of Integrated Child Development Services (ICDS) providing a package of services comprising supplementary nutrition, immunization, health check up and referral services, pre-school non-formal education.

The Ministry is also implementing Swayamsidha which is an integrated scheme for empowerment of women. There is effective coordination and monitoring of various sectoral programmes.

The Ministry has 6 autonomous organisations viz.

- Central Adoption Resource Agency (CARA)
- Central Social Welfare Board (CSWB)
- National Commission for Protection of Child Rights (NCPCR)

- National Commission for women (NCW)
- National Institute of Public Cooperation and Child Development (NIPCCD) and
- Rashtriya Mahila Kosh (RMK)

Contact Information

Particulars	Details
Office	Department of Women and Child Development Government of India Ministry of Women and Child Development Shastri Bhawan, A – Wing Dr. Rajendra Prasad Road New Delhi 110 001, India
Website	***http://wcd.nic.in/***

Rsp.1.3.2 - Ministry of Rural Development, GoI

The Department of Rural Development implements schemes for generation of Self Employment and Wage Employment, provision of Housing and Minor Irrigation Assets to the rural poor, Social Assistance to the destitute and Rural Roads.

Apart from this, the Department provides the support services and other quality inputs such as Assistance for Strengthening of DRDA Administration, Panchayati Raj Institutions, Training & Research, Human Resource Development (HRD), Development of Voluntary Action etc. for the proper implementation of the programmes.

The major programmes of the Department of Rural Development are Pradhan Mantri Gram Sadak Yojana, (PMGSY), Rural Housing (RH) Sampoorna Gramin Rozgar Yojana (SGRY) and Swarnajayanti Gram Swarozgar Yojana (SGSY), 'Swajaldhara', the Accelerated Rural Water Supply Programme (ARWSP) and the Total Sanitation Programme (TSP) through the Drinking Water Supply Department (DWSD).

Contact Information

Particulars	Details
Office	Ministry of Rural Development Government of India Krishi Bhawan, A – Wing Dr. Rajendra Prasad Road New Delhi 110 001, India
Website	***http://www.rural.nic.in/***

Rsp.1.3.3 - National Payments Corporation of India (NPCI)

RBI, after setting up of the Board for Payment and Settlement Systems in 2005, released a proposal to set up an umbrella institution for all the RETAIL PAYMENT SYSTEMS in the country. The core objective was to consolidate and integrate the multiple systems with varying service levels into nation-wide uniform and standard business process for all retail payment systems. The other objective was to facilitate an affordable payment mechanism to benefit the common man across the country and help financial inclusion.

The untiring efforts of IBA helped in the incorporation of National Payments Corporation of India (NPCI), as a Section 25 company under the Companies Act, in December 2008 and the Certificate of Commencement of Business was issued in April 2009.

Aimed to operate for the benefit of all the member banks and their customers / clients, NPCI presently is with ten core promoter banks. Membership regulations & rules are being framed for enrolling all banks in the country as members so that when the nation-wide payment systems are launched, all would get included on a standardised platform.

The Board for Regulation and Supervision of Payment and Settlement Systems (BPSS) at its meeting held on September 24, 2009 has approved in-principle to issue authorisation to NPCI for operating various retail payment systems in the country and granted Certificate of Authorisation for operation of National Financial Switch (NFS) ATM Network with effect from October 15, 2009.

The Institute of Development and Research in Banking Technology (IDRBT), Hyderabad, hitherto providing ATM switching service to banks in India through NFS decided to hive off its operational role on ATM switching to have focus on research and development and was looking for a suitable arrangement for shifting this business to some national level payment system organization. NPCI considered this as an opportunity and started discussions with IDRBT on the feasibility of taking over.

Contact Information

Particulars	Details
NFS Office	National Payments Corporation of India C – 9, 8th Floor, RBI Premises, Bandra Kurla Complex Bandra (East) Mumbai 400 051, Maharashtra, India Ph: +91 22 2657 3150 Fax: +91 22 2657 1001 contact@npci.org.in
DR Site Office	National Payments Corporation of India 8th Level, VBC Solitaire, 47 & 49 Bazullah Road Chennai 600 017, Tamil Nadu, India Ph: +91 22 2816 0700 Fax: +91 22 2815 2815 contact@npci.org.in
Website	http://www.rural.nic.in/

Rsp.1.3.4 - National Rural Employment Guarantee Scheme (NREGS)

Named 'Mahatma Gandhi National Rural Employment Guarantee Act 2005' the programme aims at enhancing the livelihood security of people in rural areas by guaranteeing hundred days of wage-employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work.

Contact Information

Particulars	Details
Office	Mahatma Gandhi National Rural Employment Guarantee Act Ministry of Rural Development Government of India Krishi Bhawan, A – Wing Dr. Rajendra Prasad Road New Delhi 110 001, India
Website	http://nrega.nic.in/netnrega/

Rsp.1.3.5 - National Rural Livelihoods Mission (NRLM)

Assisting the rural poor in self employment by encouraging group and cluster activities, providing skill development opportunities, credit linkages and subsidies and creation of marketing opportunities for products has been another major plank of the poverty alleviation schemes of the Government.

Launched on 1st April 1999, Swarnajayanti Gram Swarozgar Yojana (SGSY) is an integrated scheme for providing opportunities of self employment to the rural poor. The assisted families (Swarozgaris) may be individuals or SHGs.

Swarnjayanti Gram Swarozgar Yojana (SGSY) has been restructured as National Rural Livelihoods Mission (NRLM) to implement it in a mission mode in a phased manner for targeted and time bound delivery of results.

Aajeevika – National Rural Livelihoods Mission (NRLM) was launched by the Ministry of Rural Development (MoRD), GoI in June 2011. Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services.

NRLM has set out with an agenda to cover 70 million BPL households, across 600 districts, 6000 blocks, 250,000 Gram Panchayats and 600,000 villages in the country through self managed SHGs and federated institutions and support them for livelihoods collectives in a period of 8-10 years.

Contact Information

Particulars	Details
Office	Aajeevika National Rural Livelihood Mission (NRLM) Ministry of Rural Development Government of India 6th Floor, Hotel Samrat, Kautilya Marg, Chanakyapuri New Delhi 110 021, India Ph: +91 11 2412 2947
Website	http://aajeevika.gov.in/ http://www.nrlm.gov.in/

Rsp.1.3.6 - Unique Identity Authority of India (UIDAI), GoI

Unique identification project was initially conceived by the Planning Commission as an initiative that would provide identification for each resident across the country and would be used primarily as the basis for efficient delivery of welfare services. It would also act as a tool for effective monitoring of various programs and schemes of the Government.

At around the same time, the Registrar General of India was engaged in the creation of the National Population Register and issuance of Multi-purpose National Identity Cards to citizens of India.

Therefore, it was decided, with the approval of the Prime Minister, to constitute an Empowered Group of Ministers (EGoM) to collate the two schemes – the National Population Register under the Citizenship Act, 1955 and the Unique Identification Number project of the Department of Information Technology. The EGoM was constituted on 04 December 2006.

In pursuance of the EGoM's fourth meeting on November 4, 2008, the Unique Identification Authority of India (UIDAI) was constituted and notified by the Planning Commission on January 28, 2009 as an attached office under the aegis of Planning Commission. The role and responsibilities of the UIDAI was laid down in this notification. The UIDAI was given the responsibility to lay down plan and policies to implement UIDAI scheme and shall own and operate the UIDAI database and be responsible for its up-dating and maintenance on an ongoing basis.

The role that the Authority envisions is to issue a unique identification number (UIDAI) in the form of Aadhaar that can be verified and authenticated in an online, cost-effective manner, which is robust enough to eliminate duplicate and fake identities.

Aadhaar is a 12 digit individual identification number issued by the Unique Identification Authority of India on behalf of the GoI. This number, valid for life, will serve as a proof of identity and address, anywhere in India. Any individual, irrespective of age and gender, who is a resident in India and satisfies the verification process laid down by the UIDAI can enroll, free of cost, for Aadhaar.

Contact Information

Particulars	Details
Office	Unique identification Authority of India Planning Commission Government of India 3rd Floor, Tower II Jeevan Bharati Building Connaught Circus New Delhi - 110001 TOLL FREE 1800-300-1947
Website	http://uidai.gov.in/

Rsp.1.4 – State Level Government Support Organisations (India)

Rsp.1.4.1 - Mahila Arthik Vikas Mahamandal (MAVIM) [Women Economic Development Corporation]

Mahila Arthik Vikas Mahamandal is known as MAVIM and it is the State Women's Development Corporation of Government of Maharashtra, established on the 24th February, 1975 as a Section 25 Company under the Companies Act.

MAVIM has been declared as a Nodal agency by Government of Maharashtra on 20th January 2003 to implement various Women Empowerment Programmes through SHGs. With headquarters at Mumbai, MAVIM has offices at every district of the State to implement developmental schemes in rural areas.

It is comprised of four professional officers, support staff and 'sahayoginis' who act as field workers in the field. Each 'sahayogini' works with 50-60 SHGs covering around 10 villages. She is responsible to provide the basic capacity building training inputs to SHG members depending upon their age and level of maturity and also nurture them qualitatively.

Contact Information

Particulars	Details
Head Office	Mahila Arthik Vikas Mahamandal (MAVIM) (Under Government of Maharashtra) Griha Nirman Bhavan (MHADA) Mezzanine floor, Kalanagar Bandra (E) Mumbai 400 051, Maharashtra, India Ph: +91 22 2659 1013 / 1213 / 1629 / 1866 / 1910 / 2544 Fax: +91 22 2659 0568 / 0574
Website	***http://www.mavimindia.org/***

Rsp.1.4.2 - Tamil Nadu Corporation for Development of Women Limited (TNCDW)

The Tamil Nadu Corporation for Development of women (TNCDW) was established in1983 with the prime objective of bringing about socio-economic development and empowerment of women. The Corporation implements Magalir Thittam, International

Fund for Agriculture Development (IFAD) assisted Post Tsunami Sustainable Livelihoods Programme and also SGSY, a major anti-poverty programme meant for self employment of the rural poor.

In order to bring about greater synergy and better coordination in implementing various schemes for SHGs, TNCDW was brought under the control of Rural Development and Panchayat Raj Department from July 2006. Further the Board of TNCDW was broad based and reconstituted to include representatives from industry, NGO sector, Banks and Specialists who can positively guide the Corporation with their valuable inputs.

Contact Information

Particulars	Details
Office	Tamil Nadu Corporation for Development of Women Annai Teresa Mahalir Valagam, 1st Floor Valluvar Kottam High Road, Nungambakkam Chennai 600 034, Tamil Nadu, India Ph: +91 44 2817 3412 / 13 / 14 Fax: +91 44 2817 3409 *tncdwho@yahoo.co.in*
Website	*http://www.tamilnaduwomen.org/*

Rsp.1.5 – National Level Voluntary & Other Organisations (India)

Rsp.1.5.1 - Andhra Pradesh Mahila Abhivruddhi Samstha (APMAS)

APMAS is a national-level technical and managerial support institution with a vision of **"Sustainable self-help movement in India"**. It works for women's empowerment and poverty alleviation through capacity building, quality assessment, livelihood promotion, communication and research & advocacy on a fee-for-service basis. APMAS is funded by DFID through CARE India, Ford Foundation, Aga Khan Foundation, and InWEnt.

APMAS became fully operational in July 2001 and ever since it has developed a variety of tools and content to take up Quality Assessment (rating) and Capacity Building services.

APMAS has developed strong networks with the Department of Women Empowerment & Self Employment, SERP, APRLP, PRIA, NABARD, Andhra Bank and other state level institutions and has responded to requests for capacity building support from training institutions located in Hyderabad like NIRD, MANAGE, APARD, ICM and other.

APMAS launched www.shggateway.in as a forum for Self-Help Group movement stakeholders across India. It includes research and publications, organization and consultant profiles, the latest news and highlights, events, and job opportunities in the SHG movement.

Contact Information

Particulars	Details
Office	Andhra Pradesh Mahila Abhivruddhi Samstha (APMAS) Plot 20, Rao & Raju Colony, Road 2 Banjara Hills, Hyderabad 500 034 Ph: +91 40 2354 7927 / 7952 / 2355 5864 Fax: +91 40 2354 7926 ***info@apmas.org***
Website	***http://www.apmas.org/***

Rsp.1.5.2 - BAIF Development Research Foundation (formerly Bharatiya Agro Industries Foundation)

BAIF Development Research Foundation (formerly registered as the Bharatiya Agro Industries Foundation), is a reputed and professional voluntary organisation established in 1967 by Dr. Manibhai Desai, a disciple of Mahatma Gandhi, at Urulikanchan, near Pune to promote sustainable livelihood in Rural India.

BAIF is committed to provide sustainable livelihood to the rural poor through management of natural resources and promotion of livestock development, watershed development and agri-horti-forestry as major income generation activities. BAIF is serving over 4.5 million poor families living in 60,000 villages spread over 16 states across the country through the dedicated efforts of over 4500 employees.

BAIF has developed the Village Cluster Development Approach to reach the poorest of the poor. This approach is a unique approach to identify the problems and needs of poor families and introduce appropriate technologies and services to solve them. To ensure sustainability, SHGs of men and women of homogeneous socio-economic status have been promoted, who have identified their needs and initiated various income generation activities and community development initiatives with facilitation from BAIF.

Today, the multidisciplinary programme has enabled over 85% of participating families in cluster development programme, to come out of poverty through family-based enterprises. Increased value of farm produce through BAIF programmes, contributes Rs. 2500 crores to the GDP. Many of these successful programmes have been widely replicated through various on-going Government schemes.

Contact Information

Particulars	Details
Office	BAIF Development Research Foundation BAIF Bhavan, Dr. Manibhai Desai Nagar Warje, Pune 411058, India Ph: +91 20 2523 1661 / 6470 0175 / 0562 Fax: +91 20 2523 1662 ***baif@baif.org.in***
Website	***http://www.baif.org.in/***

Rsp.1.5.3 - BASIX

BASIX is a livelihood promotion institution established in 1996, working with over 3.5 million customers, over 90% being rural poor households and about 10% urban slum dwellers. BASIX works in 17 states in India covering 223 districts and over 39,251 villages.

BASIX mission is to promote a large number of sustainable livelihoods, including for the rural poor and women, through the provision of financial services and technical assistance in an integrated manner. BASIX strives to yield a competitive rate of return to its investors so as to be able to access mainstream capital and human resources on a continuous basis.

BASIX strategy is to provide a comprehensive set of livelihood promotion services which include Financial Inclusion Services (FINS), Agricultural / Business Development Services (Ag/BDS) and Institutional Development Services (IDS) to rural poor households under one umbrella.

Contact Information

Particulars	Details
Registered Office	BASIX D 9, First Floor, Greater Kailash Enclave - I, New Delhi 110 0 48. Ph: +91 11 4173 0252 / 4173 0454
Head Office	BASIX Surabhi Arcade, 3rd Floor, Troop Bazar, Bank Street, Kothi Hyderabad – 500001 Ph: + 9140 6658 5800 / 01 Fax: +91 40 6658 5802 *info@basixindia.com*
Website	*http://www.basixindia.com/*

Rsp.1.5.4 - Development of Humane Action (DHAN)

Development of Humane Action (DHAN) Foundation, a professional development organisation, was initiated on October 2, 1997. It brings highly motivated, educated young women and men to the development sector. They would make new innovations in development to root out poverty from the country, in thus achieving the Mission of the organisation.

The broad purposes for which DHAN stands are:

- **Mothering of Development Innovations:**
  The institution intends to promote and nurture new ideas on development themes such as microfinance, small scale irrigation, dry land agriculture, and working with Panchayats which can impact on poverty in a significant manner.

- **Promoting Institutions to reach scale:**
  Exclusive thematic organisations will be promoted to take up development work with a sub-sectoral focus. The primary role will be to promote and ensure that quality benefits reach a large number of poor.

- **Human Resource Development:**
  The institution would bring young professionals into the development sector and give them an opportunity to practice and develop relevant knowledge, attitudes and skills needed for long term work.

Contact Information

Particulars	Details
Office	DHAN Foundation Kennet Cross Road Near Seventh Day School 1A, Vaidyanathapuram East Madurai 625 016, Tamil Nadu, INDIA Ph: +91 452 2610 794 / 2610 805 Fax: +91 452 2602 247 ***dhanfoundation@dhan.org***
Website	***http://www.dhan.org/***

Rsp.1.5.5 - FINO PayTech Limited

FINO PayTech is a business and banking technology platform combined with extensive services delivery channel that carries a vision to be the universally preferred choice of customers by fulfilling all financial service needs. It was founded on July 13, 2006 and is headquartered in Mumbai with offices across India.

FINO PayTech is an institutional investor driven company owned by international and Indian investors and has emerged as a thought leader, innovator and implementer of technology solutions for institutions like banks, micro-finance institutions, government entities, insurance companies. As an alternate banking channel FINO PayTech enables end-to-end customer sourcing and servicing.

FINO PayTech enables its solutions to reach micro customers through the FINO Fintech Foundation. This is a Section 25 company under the Indian Companies Act of 1956 that was incorporated on 26 June 2007.
Customer Enrolment Solutions FINO PayTech has developed applications that can be used to acquire micro customers in the field using simple processes and minimal hardware (including mobiles) to address the infrastructure challenges on the ground.

FINO Fintech Foundation, a ‘not for profit’ company, has been established to carry on the activity of promoting sustainable livelihoods for the rural poor and underserved classes by helping them become economically self-reliant, through the provision of financial and insurance services and technical assistance in an integrated and sustainable manner.

Contact Information

Particulars	Details
Office	FINO PayTech Head Office 601 & 602, A Wing Godrej Coliseum Sion Road Mumbai-400022 *info@finopaytech.com*
Website	*http://www.finopaytech.com/*

Rsp.1.5.6 - Friends of Women's World Banking (FWWB-I)

The 1975 International Women's Conference in Mexico City, which brought together like-minded women leaders from across the world, culminated into formation of Women's World Banking (WWB) in 1980. WWB was created to address the hitherto unmet needs of economically active but poor women's access to financial services thereby enabling them to engage in productive economic activities.

In 1982, promoted by SEWA, Friends of Women's World Banking, India (FWWB-I) was created as one of the first few affiliates of Women's World Banking.

To begin with Friends of Women's World Banking - India (FWWB-I), was providing guarantee to a few co-operative banks in the state of Gujarat to facilitate the provision of loans to self employed women. In the year 1989, it modified its byelaws to expand its operations to cover the entire country and operate as an 'apex' organization to build a strong network of institutions providing financial services to low income household women. Led by a Board of Women Leaders, representing strong community based initiatives, FWWB-I's strategy was to act as a catalyst with the commitment to build a society based on equity and social justice where women are leaders in social change.

FWWB-I combined its loans with technical assistance to ensure sustainable growth of microfinance institutions. FWWB-I has been providing capacity building support to MFIs that includes operational support in the initial years for start ups, training by in house team and external resources, exposure visits, etc.

FWWB-I focuses on Institution Building, Capacity Building, Monitoring and Assessment Services for Micro Finance Institutions, Community Based Organizations (Federations, Cooperatives, Producer Companies) and Enterprises.

Contact Information

Particulars	Details
Office	Friends of Women's World Banking, India 101, Sakar- I Building, Opp. Gandhigram Station Ashram Road, Ahmedabad -380009, Gujarat, India Ph: +91 79 2658 0119 / 4199 Fax: +91 79 2658 0119 *fwwb@fwwbindia.org*
Website	*http://www.fwwbindia.org/*

Rsp.1.5.7 - Hand in Hand India

Hand in Hand is a Public Charitable Trust registered in the year 2002 with an initial focus on child labour elimination, education, and the empowerment of women. The organisation has been in operation since 1988 in Kancheepuram District, Tamil Nadu, India. With time, its activities have expanded as per the demands from the rural communities in which the organization is working, and has come to include poverty reduction interventions among rural, poor families in a big way. It envisages an integrated strategy to address the challenges of poverty and underdevelopment. It aims at building self-reliance of disadvantaged groups by alleviating poverty through sustained income generating programmes.

Hand in Hand is implementing an Integrated Community Development Project (ICDP) for poverty reduction with five interconnected and interdependent sectors:

Self Help Groups / Child Labour Elimination Project / Citizen' Centre Enterprises / Health / Environment

Hand in Hand is currently active in 17 districts in Tamil Nadu, six districts in Madhya Pradesh, three districts in Karnataka, three districts in Maharashtra, two in Orissa and one in the Union Territory of Puducherry.

Hand in Hand is in the process of expanding its operations to Haryana and Gujarat too.

Contact Information

Particulars	Details
Head Office	Hand in Hand India 90 A Nasarathpet Village, Opposite Pacchaiyappa's Men's College Little Kancheepuram Kancheepuram 631 503, Tamil Nadu, India Ph: +91 44 6720 1000 Fax: +91 44 2726 9301 ***info@hihseed.org***
Chennai Office	Hand in Hand India 3rd Floor, "Coats Villa", Southern Foundation 12/26 Coats Road, T. Nagar Chennai 600 017, Tamil Nadu, India Ph: +91 44 4341 3200 ***info@hihseed.org***
Website	***http://www.hihindia.org/***

Rsp.1.5.8 - Intellecap

Founded in 2002, Intellecap is a pioneer in providing innovative business solutions that help build and scale profitable and sustainable enterprises dedicated to social and environmental change.

Intellecap provides a broad range of Investment Banking, Consulting and Research Services to clients, across 15 countries, around the world.

Investment Banking Services include raising capital and providing corporate finance advice, predominantly to young and growing enterprises.

Consulting Services consist largely of strategic advice and implementation support to a wide variety of policy makers, development finance institutions, donors, and corporations.

Research Services involve research and thought leadership in our Focus Sectors.

They have also incubated and invested in several Initiatives and Group Companies that address specific challenges and gaps impacting investors, enterprises, and other stakeholders working within our BOP Focus

They provide services with a special emphasis on six social sectors that critically affect people at the Bottom of Pyramid (BoP).

- Financial Services
- Clean Energy
- Water and Sanitation
- Agriculture and Rural Business
- Healthcare
- Education and Vocational Training

Contact Information

Particulars	Details
Office	Intellecap 5th Floor, Building no 8-2-682/1, Next to Ohris, Road No 12, Banjara Hills Hyderabad 500 034, Andhra Pradesh, India Ph: +91 40 4030 0200 ***info@intellecap.com***
Website	***http://www.intellecap.com/***

Rsp.1.5.9 - Krishna Bhima Samruddhi Local Area Bank (KBSLAB)

The local area bank concept was introduced by RBI in 1996. KBSLAB, licensed by Reserve Bank of India was established on February, 28th, 2001. The bank operates in 4 of the least developed districts of Mahabubnagar, Gulbarga, Yadgir and Raichur in Andhra Pradesh and Karnataka states. The head office is in Mahabubnagar. The bank is promoted by BASIX Group and is the only commercial bank of the country with microfinance as its core business. The Bank has 59 Business correspondent locations.

Contact Information

Particulars	Details
Registered / Head Office	Krishna Bhima Samruddhi Local Area Bank H.NO:7-5-108/B/1, 1ST FLOOR, Venkateswaran colony, Mahabubnagar-509002, Andhra Pradesh, India Ph: +91 8542 273 383 / 84 ***info@kbsbankindia.com***
Website	***http://kbsbankindia.com/***

Rsp.1.5.10 - Kudumbashree Programme

Launched by the Government of Kerala in 1998 for wiping out absolute poverty from the State through concerted community action under the leadership of Local Self Governments, Kudumbashree is today one of the largest women-empowering projects in the country. The programme has 37 lakh members and covers more than 50% of the households in Kerala. Built around three critical components, micro credit, entrepreneurship and empowerment, Kudumbashree has today succeeded in addressing the basic needs of the less privileged women, thus providing them a more dignified life and a better future. Literal meaning of Kudumbashree is prosperity (shree) of family (Kudumbam).

Contact Information

Particulars	Details
State Mission Office	Kudumbashree Programme The Head Quarters, 2nd Floor, TRIDA Rehabilitation Building, Chalakudy Road, Medical college PO Thiruvananthapuram 695 011, Kerala, India Ph: +91 471 2554 714 / 715 / 716 Fax: +91 0471 2334 317 ***info@kudumbashree.org***
Website	***http://www.kudumbashree.org/***

Rsp.1.5.11 - Micro Finance Institutions Network (MFIN)

Micro Finance Institutions Network (MFIN) is an Association of Non-Bank Finance Company Micro Finance Institutions (NBFC-MFIs). It was established in October 2009 as the primary representative body of NBFCs engaged in the business of Microfinance. Since its establishment, MFIN has been promoting the key objectives of Microfinance in India and as the Self-Regulatory Organization (SRO) for the industry, has been working to establish guidelines for responsible lending and client protection.

MFIN has a 4 pronged approach

Self-Regulation / Advocacy / Development / Information dissemination & communication

to achieving its mission of promoting the robust development of the Microfinance sector and thereby facilitating access to finance to the millions of un-served/underserved people in India.

Contact Information

Particulars	Details
Registered Office	Micro Finance Institutions Network (MFIN) 3rd Floor, Surabhi Arcade, Bank Street, Troop Bazar, Kothi Hyderabad 500 001, Andhra Pradesh, India
Secretariat	Micro Finance Institutions Network (MFIN) 216, Radisson Suites Commercial Plaza, Sushant Lok-1 Gurgaon 122002, Haryana, India Ph: +91 124 4212 570 / 571 *contact@mfinindia.org*
Website	*http://mfinindia.org/*

Rsp.1.5.12 - MicroSave

MicroSave was established in Africa in 1998, and quickly emerged as one of the world's leading technical assistance, training and technical resource centre. MicroSave's studies are referenced to in much of the leading literature on microfinance, and its toolkits are used across the globe by microfinance organisations seeking to professionalise their products / services, management and systems.

In 2003, MicroSave was asked by the UK Government's development assistance department (the Department for International Development - DFID) to explore setting up operations in India. After a long period of consultation, MicroSave started in Chennai in 2006 with support from ICICI Bank. Soon thereafter, the Board of Trustees recommended moving the organisation's head office to Lucknow, to ensure that it was based in the heart of the under-served and poorer northern states of India. Lucknow was also chosen with a view to developing close working relationships with the Small Industries Development Bank of India (SIDBI), the Bankers' Institute of Rural Development (BIRD) and the Indian Institute of Management-Lucknow (IIML). MicroSave (India - Head Office)

Today, in India, MicroSave is working to implement a "Market-led Financial Services" programme.

Contact Information

Particulars	Details
Registered Office	MicroSave B-52, Kapoorthala Crossing, Mahanagar Extension, Mahanagar, Lucknow, Uttar Pradesh, India 226006 Ph: +91 522 233 5734 Fax: +91 0522 406 3773 Manoj@MicroSave.net
Website	http://www.microsave.net/

Rsp.1.5.13 - MYRADA (Mysore Resettlement and Development Agency)

Started in 1968, MYRADA at present is directly managing 18 projects in 20 backward and drought prone Districts of Karnataka, Tamil Nadu and Andhra Pradesh.

There are other States where it has collaborated with Government, Bilateral and Multilateral Programs, by contributing to program design and supporting implementation through regular training, exposure and deputation of staff. Examples of such long-term support are in the States of Haryana, Assam, Meghalaya, Manipur, Jharkhand, Orissa and Chattisgarh. It also provides similar long-term support to programs in other countries like Myanmar, Indonesia, Timor Leste and, in a small way, in Iran.

This approach arises from Myrada's decision not to fly its flag all over, but to promote, in collaboration with other institutions, a proven development strategy in which the rights of the poor, women and marginalised to build and manage their own institutions, to develop their own livelihood strategies, to associate in order to lobby effectively to change oppressive relations, to access resources and build linkages are recognised, across the world.

Contact Information

Particulars	Details
Office	MYRADA No.2, Service Road, Domlur Layout Bangalore 560071 Ph: +91 80 2535 2028 / 3166 / 4457 / 8857 Fax: +91 80 2535 0982 mail.myrada@myrada.org / myrada@bsnl.in
Website	http://myrada.org/

Rsp.1.5.14 - NABARD Financial Services Limited (NABFINS)

NABFINS is a, national level, non-deposit taking NBFC registered with RBI and a subsidiary of National Bank for Agriculture and Rural Development (NABARD) with equity participation from NABARD, Government of Karnataka, Canara Bank, Union Bank of India, Dhanalakshmi Bank and Federal Bank.

The main objectives of the Company are to provide financial services in the two broad areas of agriculture and microfinance. NABFINS provides credit and other facilities for promotion, expansion, commercialization and modernization of agriculture and allied activities.

NABFINS shall engage in the business of providing micro finance services (with or without thrift) and other facilities to the needy and disadvantageous sections of the society for securing their prosperity in both rural and urban areas.

Contact Information

Particulars	Details
Office	NABARD Financial Services Limited # 190, Rashtriya Vidyalaya Road, Jayanagar 2nd Block Bangalore 560 004, Karnataka, India Ph: +91 80 2656 3443 / 2657 4222 Fax: +91 80 2656 3442
Website	***http://nabfins.org/***

Rsp.1.5.15 - PRADAN (Professional Assistance for Development Action)

PRADAN is a non-government, non-profit organisation that works with India's rural poor. Across seven of the poorest states in the country, PRADAN promotes SHGs; develops locally suitable economic activities; mobilises finances; and introduces systems to improve livelihoods of the rural poor and sustain their progress.

The group comprises of university-educated individuals motivated to use their knowledge and skills to address the issues of rural poverty by working with the people at the grassroots. While working towards enabling the rural poor, PRADAN collaborates extensively with government agencies, banks, market institutions, panchayats, other voluntary organisations, and research bodies.

Contact Information

Particulars	Details
Office	PRADAN Ground Floor and Basement, E-1/A, Kailash Colony New Delhi 110 048, India Ph: +91 11 4040 7700 / 2924 8826-32 ***headoffice@pradan.net***
Website	***http://www.pradan.net/***

Rsp.1.5.16 - Rajiv Gandhi Mahila Vikas Pariyojana (RGMVP)

RGMVP is a rights-based organization that works for poverty reduction, women's empowerment and rural development in Uttar Pradesh. With the belief that the poor have a strong desire and innate ability to overcome poverty, RGMVP organizes poor rural women into community institutions in the form of SHGs, consisting of 10-20 women, which act as social platforms to address issues of financial inclusion, health-care, livelihoods, education and the environment.

Members make small regular savings over a few months until there is enough capital in the group to begin internal lending. Funds are then lent to members at times of need or to start livelihood initiatives. After sufficient savings, SHGs are linked to banks to access micro-credit. 10-20 Self-Help Groups then federate into Village Organizations, and 10-20 Village organizations further federate to form Block Organizations.

Based out of Rae Bareli, RGMVP, as of July 2012, has reached out to over 450,000 poor households in 146 blocks of 34 districts in the most backward and poverty-stricken regions of Uttar Pradesh.

Contact Information

Particulars	Details
Office	Rajiv Gandhi Mahila Vikas Pariyojana 619, Kanpur Road, Rana Nagar Rae Bareli 229001, Uttar Pradesh, India Ph: +91 535 2211 304 Fax: +91 535 2211 300 ***info@rgmvp.org***
Website	***http://www.pradan.net/***

Rsp.1.5.17 - Rashtriya Grameen Vikas Nidhi (RGVN)

Established in 1990 and headquartered in Guwahati, Assam, RGVN is a national level development support organisation working in Eastern and the North Eastern part of in India.

Founded for organisational innovation in support of social action, RGVN'S main objectives are to: Promote, support and develop voluntary organizations engaged in the social and economic uplift of rural and urban poor, physically and socio-economically handicapped people.

Over the years, RGVN has been able to groom and support small CBOs involved in various livelihood enhancement programmes. This network of NGOs / CBOs / SHGs are RGVN’s strength, many of whom have now grown and are capable of taking up larger development projects.

Contact Information

Particulars	Details
Office	Rashtriya Gramin Vikas Nidhi Aruna Complex, Opp. Bye Lane No. 8, Rajgarh Road Guwahati 781 003, Assam, India Ph : +91 361 2452 320 / 2528 652 Fax : +91 361 2528 523 rgvnho@gmail.com, amiya.rgvn@gmail.com
Website	http://www.rgvnindia.org/

Rsp.1.5.18 - Sa-Dhan

Sa-Dhan, The Association of Community Development Finance Institutions, was incorporated on the 21st July, 1999 as a platform for a specialised network of Community Development Financial Institutions (CDFIs) that could take forward the collective requirements of these organisations;

such as dialoguing with policy makers, capacity building and identification and development of minimum standards of performance in a participatory manner, so that the challenge of professionally creating a large number of sustainable livelihoods is made possible.

Contact Information

Particulars	Details
Registered Office	Sa-Dhan 404, Nirmal Towers, Near Sai Baba Temple, Dwarakapuri Colony, Punjagutta Hyderabad 500 082, Andhra Pradesh, India Ph: +91 40 4021 6026 TeleFax: +91 40 4003 7179 ***hyd@sa-dhan.org***
Secretariat	Sa-Dhan 12 & 13, 2nd Floor, MPTCD Building Special Institutional Area, Shahid Jeet Singh Marg New Delhi 110 067, India Ph: +91 11 4717 4400 TeleFax: +91 11 4717 4405 ***info@sa-dhan.org***
Website	***http://www.sa-dhan.net/***

Rsp.1.5.19 - Self Employed Women's Association (SEWA)

SEWA is a trade union registered in 1972 as an organisation of poor, self-employed, un protected women workers from the unorganised sector. Of the female labour force in India, more than 94% are in the unorganised sector.

SEWA's main goals are to organise women workers for full employment meaning employment whereby workers obtain work security, income security, food security and social security (at least health care, child care and shelter). SEWA organises women to ensure that every family obtains full employment.

SEWA so far spawned about 19 significant organisations among which are SEWA Bank, SEWA Academy, SEWA Housing, SEWA ICT and SEWA Ecotourism.

Contact Information

Particulars	Details
Office	Self Employed Women's Association (SEWA) SEWA Reception Centre, Opp. Victoria Garden, Bhadra Ahmedabad 380 001, Gujarat, India Ph: +91 79 2550 6441 / 6444 / 6477 Fax: +91 79 2550 6446 ***mail@sewa.org***
Website	***http://www.sewa.org/***

Rsp.1.5.20 - Sri Kshethra Dharmasthala Rural Development Project (SKDRDP)

Shri Kshethra Dharmasthala Rural Development Project (SKDRDP) is registered in 1991 as a charitable trust under the Charitable Trust Act of 1920, to concentrate on the empowerment of rural women by organizing SHGs on the lines of JLGs of Bangladesh and providing infrastructure and finance through micro credit for the rural people.

SKDRDP is currently engaged in developmental activities in about 16 districts of Karnataka State in India, operating in 20,000 villages covering almost 2.0 Million families. SKDRDP is also holds its presence in six coastal towns under the Karnataka Urban Development and Coastal Environment Management Project.

Contact Information

Particulars	Details
Office	Sri Kshethra Dharmasthala Rural Development Project (SKDRDP) Dharmashri Building Dharmasthala 574 216, Dakshina Kannada District, Karnataka India TeleFax: +91 8256 277 215 ***skdrdp@skdrdpindia.org***
Website	***http://www.skdrdpindia.org/***

Rsp.1.5.21 - The National Federation of State Cooperative Banks Limited (NAFSCOB)

The National Federation of State Cooperative Banks Limited (NAFSCOB) was established on 19th May 1964 with a view to facilitate the operations of State and Central Cooperative Banks in general and Development of Cooperative Credit in particular.

The specific objectives of NAFSCOB are to provide a common forum to the member banks to examine the problems of cooperative credit, banking and allied matters and evolve suitable strategies to deal with them.

Contact Information

Particulars	Details
Office	National Federation of State cooperative Banks Limited J. K. Chambers, Fifth Floor, Plot No. 76, Sector 17, Vashi Navi Mumbai 400 703, Maharashtra, India Ph: +91 22 2789 2738 / 2749 / 2697 / 2741 Fax: +91 22 2789 2604 ***nafscob@nafscob.org*** / ***nafscob@gmail.com***
Website	***http://www.nafscob.org/***

Rsp.2 – Support institutions

Rsp.2.1 - Consultancy Services in Microfinance (India)

Rsp.2.1.1 - Access-Assist

ACCESS-ASSIST was set up in 2009 with a mandate of working at all levels of the financial value chain and make efforts, on the one hand to organize the demand on the ground and on the other hand, to engage with supply side actors and catalyze greater flow of funds to the poor.

The three pronged strategy of ACCESS-ASSIST is to;

- Incubate new and emerging MFIs and Up-scaling Capacities of SHPIs at Tier –I
- Catalysing Supply side flows; Up-scaling Institutional Capacities at Tier – II and
- Supporting the enabling environment at Tier – III

Contact Information

Particulars	Details
Office	ACCESS ASSIST 28 Hauz Khas Village, 1st floor New Delhi – 110 016, India Ph: +91 11 2651 0915 / 2653 6436 / 2653 6435 *Info@accessassist.org*
Website	http://accessassist.org/

Rsp.2.1.2 - BASIX Consulting and Training Services Limited (BCTS)

BCTS draws from the vast experiences and expertise gained over the years in financial services and livelihood promotion, to offer technical and advisory services to other institutions in India and other countries.

It provides practical and customized solutions to community, NGOs, corporate, Government and financial institutions, and addresses issues of management and operations to enhance their capability and expand their operations.

BCTS has undertaken over 150 technical and advisory services based assignments, benefiting around 1.5 Million customers, in the areas of;

- Building capacities of Institutions and carrying forward the work of BASIX in the international arena through interventions in many countries in South and South East Asia, Pacific and Africa.
- Strengthening the financial sector with the support from organizations like UNCDF, UNDP, UN Women, World Bank, IFC, ADB, SDC, and Government of India.
- Strengthening capacities of more than 170 institutions comprising of banks, cooperatives, MFI's and other financial institutions.

Contact Information

Particulars	Details
Registered Office	BASIX Consulting and Training Services Limited (BCTS) 3rd Floor, Surabhi Arcade, Bank Street, Troop Bazar, Kothi Hyderabad 500 001, Andhra Pradesh, India Ph: +91 40 6658 5800 / 5801 Fax: +91 40 6658 5802
Head Office	BASIX Consulting and Training Services Limited (BCTS) No. 408, First Floor, 12th Cross, Upper Palace Orchards, Sadashivanagar Bangalore 560 080, Karnataka, India Ph: +91 80 2361 0700 / 4132 0720 consulting@basixindia.com
Website	http://www.basix-consulting.com/

Rsp.2.1.3 - EDA Rural Systems Private Limited

Established in 1983 as a social enterprise, Economic Development Associates in Lucknow, the organisation engaged across the span of development sectors and economic sectors with opportunities for rural employment, watershed and community forestry as well as the social sectors of health and education.

By 1990, the organisation shifted its offices to Gurgaon and developed a consultancy focus on livelihoods and enterprise support and engaged in training for microfinance, research and direct livelihood promotion activities by expanding into the emerging field of microfinance. In 1997 the organisation registered as Private Limited Company.

Contact Information

Particulars	Details
Office	EDA Rural Systems Private Limited 602 Pacific Square, 32nd Milestone NH8 Gurgaon 122 001, Haryana, India Ph: +91 124 230 9707 / 9497 / 426 8707 / 405 0739 Fax: +91 124 230 9520 contact@edarural.com
Website	http://www.edarural.com/

Rsp.2.1.4 - Hand in Hand Micro Finance Private Limited (HIHMFPL)

Hand in Hand Micro Finance Private Limited, registered in 2006 in India under the Indian Companies Act, 1956 is the consulting arm of Hand in Hand India, the renowned NGO in India.

HiHMFPL undertakes training, consultancy and capacity building assignments in the areas of social development and microfinance at local, national and global level by drawing on the experience and expertise of Hand in Hand India, which implements an Integrated Community Development Programme comprising women's empowerment through SHG model, Child Labour Elimination & Education, Health, Grassroots level Governance and Environment activities.

Contact Information

Particulars	Details
Head Office	Hand in Hand Micro Finance Private Limited 90 A Nasarathpet Village, Opposite Pacchaiyappa's Men's College Little Kancheepuram Kancheepuram 631 503, Tamil Nadu, India Ph: +91 44 6720 1000 Fax: +91 44 2726 9301 ***info@hihseed.org***
Chennai Office	Hand in Hand Micro Finance Private Limited 3rd Floor, "Coats Villa", Southern Foundation 12/26 Coats Road, T. Nagar Chennai 600 017, Tamil Nadu, India Ph: +91 44 4341 3200 ***info@hihseed.org***
Website	***http://www.hihindia.org/***

Rsp.2.1.5 - M2i Consulting

M2i consulting has been set up to catalyze the growth of microfinance by bringing in more professionalism in the sector. Towards this mission, M2i works with start-up as well-established MFIs, entrepreneurs, investors and donors and provide such services which facilitate integration of microfinance with the economic mainstream.

Contact Information

Particulars	Details
Office	Prime M2i Consulting Private Limited A-19, Eldeco Station 1, Sector 12 Faridabad - 121007, Haryana, India Ph: +91 129 4000 995 ***contact@m2iconsulting.com***
Website	***http://www.m2iconsulting.com/***

Rsp.2.1.6 - Nimbus Consulting Private Limited

Nimbus Consulting Private Limited is a management consulting company established by people with decades of experience and expertise in Management consulting, Audit & Assurances, Legal consulting coupled with in-depth specialization in the field of micro-finance in Indian Sub-continent and south east Asia, Nimbus served more than 100 clients in 4 countries i.e. India, Afghanistan, Cambodia and Myanmar.

Contact Information

Particulars	Details
Office	Nimbus Consulting Private Limited C – 927, 1st Floor, Palam Extension, Sector – 7, Dwarka New Delhi 110 045, India Ph: +91 11 4368 6055 ***info@nimbusconsulting.net***
Website	***http://nimbusconsulting.net/***

Rsp.2.1.7 - Palma Resource

Palma Resource provides development services to client organisations to improve quality of services and better delivery on their development goals. Palma Resource pools experts in enterprise, research and training with multi-sector experience in agriculture, climate change, education, finance, health, insurance, livelihoods etc. and has capacity to undertake diverse requests like documentation, evaluations, organisational development, research & studies, surveys, and other allied development consultancy services.

Contact Information

Particulars	Details
Chennai Office	Palma Resource AI 147, New No. 12, 1st Street, 8th Main Road, Shanthi Colony (near Anna Adarsh College), Anna Nagar Chennai 600 040, Tamil Nadu, India Ph: +91 44 4550 0068 coordinator@palmaresource.org
Madurai Office	Palma Resource 11, Kennett Cross Road, New Ellis Nagar Madurai 625 010, Tamil Nadu, India Ph: +91 452 2603 652 coordinator@palmaresource.org
Website	http://palmaresource.org/

Rsp.2.1.8 - Sampark

Sampark is a voluntary organisation registered in 1991 under the Societies Registration Act 1960 working towards poverty reduction and women's empowerment, through educational interventions, primarily aimed at increasing people’s income earning abilities.

Sampark conducts research studies on development issues such as sustainable rural livelihood systems, gender and leadership, natural resource management, social learning processes, microfinance and people’s organisations.

Sampark conducts need - based training programmes for staff of NGOs or people’s organisations, Government officers, bankers, researchers and others, in the field of micro credit, micro enterprise, gender, women's leadership, organisations building and natural resource management.

Contact Information

Particulars	Details
Office	Sampark No.39, First Avenue, Teacher’s Colony, 1st Block, Koramangala Bangalore 560 034, Karnataka, India Ph: +91 80 2553 0196 / 2552 1268 sampark@sampark.org
Website	http://www.sampark.org/

Rsp.2.1.9 - Sutra Consulting Private Limited

Sutra Consulting is a multidisciplinary consulting organisation with expertise in development project management and advisory services. Sutra has been working extensively in India providing a range of solutions to development projects aiming at improving quality of life and livelihoods. With more than a decade of experience in multiple sectors, Sutra has established credentials for providing sustainable and innovative solutions to complex functioning of development projects.

Contact Information

Particulars	Details
Office	Sutra Consulting Private Limited Lane: N2/ 139, IRC Village Bhubaneswar 751025, Odisha, India Ph: +91 674 2555 310 Fax: +91 674 2550 361
Website	http://www.sutraconsulting.com/

Rsp.2.1.10 - Vimarsh Development Solutions Private Limited

Established in 1987, Vimarsh Development Solutions is a multi-sectoral development consulting organisation providing services for qualitative research, management and implementation of projects related to elementary education, health, livelihood & poverty alleviation, micro-enterprise development, natural resources management, nutrition, rural development, and water & sanitation.

Contact Information

Particulars	Details
Office	Vimarsh Development Solutions Private Limited 445, Udyog Vihar, Phase III, Gurgaon 122016, Haryana, India Ph: +91 124 4264 908-09 Fax: +91 124 4264 906 admin@vimarsh.in
Website	http://vimarsh.in/

Rsp.2.2 – Credit Bureaus (India)

Rsp.2.2.1 - Equifax Credit Information Services Private Limited

Equifax launched the dedicated Microfinance Institution bureau in June 2011 working closely with Microfinance Institutions Network (MFIN). Leveraging the highly adaptable and customizable technology platforms provided by Equifax Inc., the microfinance exchange in the country could be made possible swiftly.

The bureau offers access to data from member MFIs. Its proprietary report format with value added features enables easier and faster understanding of the borrower's credit profile and allows lenders to access MFIs' data. MF industry specific search match algorithms which work accurately even with lower data availability is made possible.

Contact Information

Particulars	Details
Office	Equifax Credit Information Services Private Limited Office Number 2 Ground Floor, Lotus Estate, Madhusudan Mills, Near Peninsula Corporate Park, Shankar Rao Naram Path, Lower Parel, Mumbai 400 013, Maharashtra, India Toll free 1800 209 3247 Fax: +91 22 6112 7950 ecissupport@equifaxindia.com
Website	http://www.equifax.co.in/financial-services/microfinance_institution/en_in

Rsp.2.2.1 - Highmark Credit Information Services Private Limited

Founded in 2007 and licensed by RBI in 2010, Highmark is claimed to be a fastest growing Credit Bureau. Highmark provides its customers in banking, financial services, insurance, telecom and microfinance with required client information and offers services in risk management and analytical solutions.

Contact Information

Particulars	Details
Office	High Mark Credit Information Services Private Limited 402, Sheil Estate, 158, CST Road Kalina, Santacruz (E) Mumbai 400 098, Maharashtra, India Ph: +91 22 6729 0800 Fax: +91 22 6729 0801 info@highmark.in
Website	http://www.highmark.in/

Rsp.2.3 – Institutional Rating Agencies (India)

Rsp.2.3.1 - Brickwork Ratings India Private Limited

Brickwork Ratings, a SEBI, RBI & NSIC registered credit rating agency offers Bank Loan, NCD and SME ratings. With presence across the country in about 50 cities, Brickwork is relatively a recent entrant into microfinance ratings while has rated issues of a large number of banks like State Bank of India, Bank of Baroda, Bank of India, Canara Bank, Corporation Bank, Punjab National Bank ,Union Bank of India, Andhra Bank, Vijaya Bank, United Bank of India, etc.

Ratings are 'BWR' prefixed and issued from 'D' (BWR D) at the lowest to 'AAA' (BWR AAA) at the highest in a range of eight ratings.

Contact Information

Particulars	Details
Office	Brickwork Ratings India Private Limited 3rd Floor, Raj Alkaa Park, 29/3 & 32/2 Kalena Agrahara, Bannerghatta Road, Bengaluru - 560 076, Karnataka, India Ph : +91 80 4040 9940 Fax: +91 80 4040 9941
Website	***http://www.brickworkratings.com/***

Rsp.2.3.2 - CARE Analysis and Research Limited (CARE Ratings)

CARE Analysis and Research Limited is a premier Credit Rating, Research and Information Services company promoted in 1993 by major Banks / Financial Institutions (FIs) in India and started operations from April 1993. CARE has been granted registration by Securities and Exchange Board of India (SEBI) under the Securities & Exchange Board of India (Credit Rating Agencies) Regulations, 1999. CARE's ratings are recognised by Government of India (GOI) and all regulatory authorities including the Reserve Bank of India (RBI).

Over nearly two decades, CARE Ratings has established itself as the second-largest credit rating agency in India, with the rating volume of debt of around Rs.45,901 Billion, as on December 31, 2012 built by investor confidence.

CARE's MFI grading is an opinion on the relative capability of the organization to undertake microfinance activity. It is one-time assessment wherein it involves evaluation of various aspects of the organization including its operational setup, scale of operations, level of transparency and sustainability.

Microfinance Ratings are ‘MFI’ prefixed and issued from ‘5’ (MFI 5) at the lowest to ‘1’ (MFI 1) at the highest in a range of eight ratings. (There would be MFI + ratings suitably).

Contact Information

Particulars	Details
Office	Credit Analysis & Research Limited 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East) Mumbai 400 022, Maharashtra, India Ph: +91 22 6754 3456 Fax: +91 22 6754 3457 ***care@careratings.com***
Website	***http://www.careratings.com/***

Rsp.2.3.3 - Credit Rating Information Services of India Limited (CRISIL)

CRISIL, a global analytical company providing ratings, research, and risk and policy advisory services, is India’s leading ratings agency, incorporated on January 29, 1987. CRISIL commenced operations within a year of its incorporation on January 1 1988. CRISIL's majority shareholder is Standard and Poor's (S&P). Standard & Poor's, a part of the McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of credit ratings. Within India its customers range from small enterprises to the largest corporations and financial institutions; outside India customers include the world’s largest banks and leading corporations. It also works with governments and policy-makers in India and other emerging markets in the infrastructure domain.

In line with its objective to help markets function better, CRISIL pioneered the concept of MFI grading and assessment services in India. A CRISIL MFI Grading is CRISIL's opinion on the sustainability and scalability of the operations of the graded MFI. CRISIL has, so far, assessed over 200 MFIs.

CRISIL’s MFI ratings are simply alphabetical where ‘D’ is the lowest and ‘AAA’ is the highest in a range of eight ratings.

Contact Information

Particulars	Details
Office	Credit Rating Information Services of India Limite CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400 076, Maharashtra, India Ph: +91 22 3342 3000 Fax: +91 22 3342 3001 ***crisilratingdesk@crisil.com***
Website	***http://crisil.com/***

Rsp.2.3.4 - ICRA Limited

ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited) was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional Investment Information and Credit Rating Agency. The international Credit Rating Agency Moody's Investors Service1 is ICRA's largest shareholder. The participation of Moody's is supported by a Technical Services Agreement, which entails Moody's providing certain high-value technical services to ICRA.

The focus of ICRA's MFI Grading exercise is on evaluating the candidate institution's business and financial risks. ICRA forms an opinion on an MFI's business risk by analysing, among other factors, its operating environment, governance structure, management and systems, scalability (in relation to business plans), and asset quality. Financial risk is assessed through an evaluation of factors including the MFI's liquidity position, funding policies, capitalisation profile and profitability.

ICRA's MFI ratings are alpha-numerical where 'M5' is the lowest and 'M1' is the highest in a range of five ratings.

Contact Information

Particulars	Details
Registered Office	ICRA Limited 1105, Kailash Building, 11th Floor, 26 Kasturba Gandhi Marg New Delhi 110 001, India Ph: +91 11 2335 7940 - 50 Fax: +91 11 2335 7014
Website	***http://www.icra.in/***

Rsp.2.3.5 - India Ratings and Research Private Limited

India Ratings & Research (Ind-Ra) provides credit ratings and research services for India based credits. Ind-Ra is part of the Fitch Group.

Built on a foundation of independent thinking, rigorous analytics, and an open & balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions, which includes banks and insurance companies, Finance & leasing companies and managed funds, Urban Local Bodies and Project Finance.

Ind-Ra has six offices in India located at Mumbai, Delhi, Chennai, Bangalore, Hyderabad and Kolkata. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

The terms "investment grade" and "speculative grade" have established themselves over time as shorthand to describe the categories 'IND AAA' to 'IND BBB' (investment grade) and 'IND BB' to 'IND D' (speculative grade). The terms "investment grade" and "speculative grade" are market conventions, and do not imply any recommendation or endorsement of a specific security for investment purposes. "Investment grade" categories indicate relatively low to moderate credit risk, while ratings in the "speculative" categories either signal a higher level of credit risk or that a default has already occurred.

Contact Information

Particulars	Details
Registered Office	India Ratings and Research Private Limited Wockhardt Towers, 4th Floor, West Wing Bandra Kurla Complex, Bandra East, Mumbai – 400051, Maharashtra, India Ph: +91 22 4000 1700 Fax: +91 22 4000 1701
Website	***http://indiaratings.co.in/***

Rsp.2.3.6 - Micro-Credit Ratings International Limited (M-CRIL)

Started in 1998, M-CRIL came into being in response to the need for an agency that would bring about a standardised assessment of financial performance and highlight the importance of governance and management in running sustainable business models of MFIs. It also responded to the need for MFIs to incorporate systems and processes appropriate to the overall objective of providing financial services to a large number of poor and vulnerable families.

M-CRIL since its inception has played a pivotal role in the development finance space across its operational area and in the provision of financial services to the poor. With time M-CRIL has diversified itself to a complete knowledge and data center for the microfinance sector.

Its regular interest in financial research and assessments helped to evolve its other current service products like Social Rating, portfolio audit, rating of affordable private schools, sector analysis and assessment, financial research and data management. M-CRIL has also undertaken a number of assignments focused on sector advocacy and is a member of national and international networks.

M-CRIL follows the Greek alphabetical ratings where ‘zeta’ denotes the lowest (highest risk, not worth considering) and an ‘alpha +’ the highest (Most highly recommended) in a range of eight ratings with plus (+) and (-) ratings in between.

Contact Information

Particulars	Details
Registered Office	Micro-Credit Ratings International Limited 602 Pacific Square, 32nd Milestone, NH8 Gurgaon 122 001, Haryana, India Ph: +91 124 230 9497 / 405 0739 / 426 8707 Fax: +91 124 230 9520 ***contact@m-cril.com***
Website	***http://www.m-cril.com/***

Rsp.2.3.7 - SMERA Ratings Limited

SMERA Ratings Limited (formerly SME Rating Agency of India Ltd.) is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited and leading public and private sector banks in India. SMERA commenced its operations in 2005 as an exclusive credit rating agency for Micro, Small and Medium Enterprises (MSME) sector in the country. Within a span of 8 years, SMERA has assigned ratings to over 23,000 MSMEs pan India, providing comprehensive, transparent and reliable ratings.

SMERA is registered with the Securities and Exchange Board of India (SEBI) as a Credit Rating Agency. More recently, the Company has received accreditation from RBI as an External Credit Assessment Institution (ECAI) under BASEL - II norms for undertaking bank loan ratings. SMERA is also empanelled as an approved rating agency by the National Small Industries Corporation Limited (NSIC) under the "Performance & Credit Rating Scheme for Small Industries", approved by the Ministry of Small Scale Industries, Government of India.

SMERA accords short term ratings and long term ratings and Ratings are 'SMERA' prefixed. In the case of short term ratings 'SMERA D' is the lowest and 'SMERA A1" is the highest in a range of five ratings. In the case of long term ratings 'SMERA D' is the lowest and SMERA AAA' is the highest in a range of eight ratings (or 'MF 8' the lowest and 'MF 1' the highest).

Contact Information

Particulars	Details
Registered Office	SMERA Ratings Limited 402 / 405 / 406, 4th floor, Bldg No. 2, Sector - I, Millennium Business Park, Mahape, Navi Mumbai 400 710, Maharashtra, India Ph: +91 22 6740 1111 Fax: +91 22 6740 1199 ***info@smera.in***
Website	***http://www.smera.in/***

Rsp.2.4 – Forums and Networks

Rsp.2.4.1 - Banking With The Poor Network (BWTP)

The 'Banking With The Poor Network' (BWTP) is an Asian Association of a Diverse Range of Microfinance stakeholders committed to improving the quality of life of the poor through promoting and facilitating their access to sustainable financial services.

The BWTP Network has emerged to become the largest regional microfinance network in Asia, with a total current membership of 61 institutions – from 14 countries in the region with 42 MFIs, 10 Microfinance Networks, 8 Non-MFIs and 1 Central Bank.

Contact Information

Particulars	Details
Registered Office	Banking With The Poor Network 137, Melbourne Street Brisbane, Queensland, Australia 4101 Ph: +61 7 3217 2924 *info@bwtp.org*
Website	*http://www.bwtp.org/*

Rsp.2.4.2 - DevNetJobs India

DevNetJobs is an online portal that brings out Development Jobs and Consultancy Opportunities periodically. The portal offers free services as well as 'paid premium' services.

DevNetJobs provides free job posting services to smaller non-profits, NGOs and charities, upto a maximum of 10 jobs each year.

Contact Information

Particulars	Details
Website	*http://www.devnetjobsindia.org/*

Rsp.2.4.3 - Devex

Devex is a social enterprise that aims to reduce operational inefficiencies in the field of international development. A for-profit membership organization, Devex employs more than 100 staff members in four locations, including its Washington, D.C. headquarters and offices in Barcelona, Manila and Tokyo.

The organization's web site serves as a clearinghouse of business and recruiting information that allows interested parties to come together in service of thousands of foreign assistance projects worldwide. Devex claims more than 100,000 active users within the international aid community – including development organizations, donor agencies, suppliers and aid workers.

Devex's president and founder, Raj Kumar, began the organization in 2000 as a student project at Harvard's Kennedy School of Government. Kumar's goal was to lower the administrative costs of donor agencies so they could devote a greater share of resources to foreign-assistance projects themselves. "With $200 billion in foreign aid each year," Kumar said in 2008, "a few percentage points of efficiency gains is like adding another Gates Foundation to the world."

Contact Information

Particulars	Details
Registered Office	Devex 1341, Connecticut Avenue, NW, Washington DC 20036 USA Ph: +1 202 249 9222 Fax: +1 202 318 2456 ***info@devex.com***
Website	***https://www.devex.com/en/***

Rsp.2.4.4 - Microfinance Association (MA)

The Microfinance Association "MA" is a non-profit professional membership organisation registered in the United Kingdom. It is an international membership organisation for practitioners in the microfinance industry, dedicated to the development and promotion of the microfinance sector. It is a centre of professional excellence, and an international focal point for ideas formulation and information gathering. The association belongs to the microfinance industry.

MA also trains and runs certificate courses in Microfinance and encourages microfinance practitioners from Europe, Sub-Saharan Africa, the Far East, Latin America, Asia, North America, Middle East etc to apply for membership of the association.

Contact Information

Particulars	Details
Contact Mail	***info@microfinanceassociation.org***
Website	***http://www.microfinanceassociation.org/***

Rsp.2.4.5 - Microfinance Community of Solution Exchange UNDP India

Solution Exchange connects the professional and practitioners of microfinance Community helping them share and apply each other's knowledge and experience to fast track financial inclusion through increased effectiveness. It brings changes in microfinance sector at three levels – Individual, Organizational and External Environment level.

Guided by a "Resource Group" of individuals representing key organizations and agencies working in the field of microfinance and facilitated by UNDP India, the Microfinance community addresses challenges for providing the poor with financial services, enhancing investment in income generating and asset-building activities, and addressing risks.

“The Microfinance Community works as a catalyst to reduce poverty through microfinance initiatives and innovations leading to enhance financial inclusion”.

Contact Information

Particulars	Details
Office	United Nations Development Programme , 55 Lodhi Estate New Delhi, India Phone : 011-46532333, Fax: 011-24627612
Website	***http://www.solutionexchange-un.net.in/communities/microfinance*** ***www.in.undp.org***

Rsp.2.4.6 - Microfinance Focus

A Global Knowledge Portal for Microfinance news Providing Daily News, Interviews, Analysis and reports on Microfinance.

Contact Information

Particulars	Details
Office	Microfinance Focus Avalahalli, Anjanpura Post Bengaluru 560 062, Karnataka, India Ph: +91 80 2843 6237 / Fax: +91 80 2843 6577
Website	***http://www.microfinancefocus.com/***

Rsp.2.4.7 - Microfinance Gateway

The Microfinance Gateway is the online resource for the global community dedicated to advancing financial services for the poor.

Whether you're looking for the latest publication on mobile banking, a job in Botswana, events on consumer protection, or recommended reading on micro-insurance, let the Gateway be your guide.

The Microfinance Gateway features a comprehensive library of research and publications, feature articles on important industry developments and trends, resource centers on key topics, and the latest announcements, news, events, trainings, and job opportunities related to microfinance and financial inclusion.

Microfinance Gateway's mission is to facilitate knowledge exchange among the global community dedicated to advancing financial services for the poor. To accomplish this goal, the Gateway provides an interactive platform for people to learn, share ideas, and engage with others working to advance financial services for the poor. The Gateway is guided by four principles:

- **Community-driven:** Content and site priorities are set by our users. We regularly solicit feedback in the form of user surveys and we invite content submissions from our users.
- **Diverse:** We cover an array of issues and topics, representing a wide range of perspectives, sources, and authors.
- **Relevant:** We help our users keep up with industry trends by highlighting important issues in feature articles and resource centers, providing a forum for industry news and announcements, and maintaining a library with the latest research and publications.
- **Engaging:** We encourage dialogue among the community and invite users to interact with one another through posting comments and reviews throughout the site.

The Microfinance Gateway is available in four languages: **English**, **Arabic**, **French**, and **Spanish**. These sites share similar features, but contain content relevant to the respective region.

Microfinance Gateway is the most comprehensive online resource for the global microfinance community. It includes research and publications, discussion groups, featured articles, organization and consultant profiles, and the latest news, events, and job opportunities in microfinance.

Contact Information

Particulars	Details
Office	CGAP / The Microfinance Gateway 1818 H Street NW, MSN P3-300 Washington DC 20433, USA Ph: +1 1 202 473 2986 ***webmaster@microfinancegateway.org***
Website	***http://www.microfinancegateway.org/***

Rsp.2.4.8 – Sankalp Forum

Sankalp Forum, an Intellecap initiative, recognizes & supports innovative, sustainable, high impact social enterprises. It builds an enabling ecosystem for early-stage businesses, channels impact investments, and engages over 11,000 stakeholders globally through collaborative year-round initiatives. It mobilizes a community of entrepreneurs, investors, enablers and policy-makers to encourage innovation, facilitate scalability, and drive consensus on matters that aid social enterprise development.

Sankalp's Annual Summit is the largest social enterprise focused gathering in the world, and in 2013 it partnered with Unconvention to become the Sankalp Unconvention Summit. The Summit brings together more than 1,000 delegates, thought leaders, industry experts, policy makers from around the world to voice, discuss, debate issues, trends and solutions that aid social enterprise development.

The Sankalp Forum works with social enterprises round the year to help them meet their business needs. It collaborates with committed Indian and international partners to identify problems and provide social enterprises with access to funding, capabilities development, networks and markets.

It began, in 2009, as a conference that connected social enterprises with investors, but grew rapidly to fill several other gaps that were holding enterprises, and in turn the sector, from emerging as mainstream solutions to social and environmental issues.

By 2012, it had grown into the world's largest forum for social enterprises.

Contact Information

Particulars	Details
Office	Sankalp Forum sankalpforum@intellecap.com
Website	http://www.sankalpforum.com/

Rsp.2.4.9 - Small Enterprise Education and Promotion Network (SEEP Network)

The SEEP Network is a global network of over 130 international practitioner organizations dedicated to combating poverty through promoting inclusive markets and financial systems. SEEP represents the largest and most diverse network of its kind, comprised of international development organizations and global, regional, and country-level practitioner networks that promote market development and financial inclusion. Members are active in 170 countries and support nearly 90 million entrepreneurs and their families.

Contact Information

Particulars	Details
Office	SEEP Network 1611 North Kent Street, Ste 610, Arlington, VA 22209 USA info@seepnetwork.org
Website	http://www.seepnetwork.org/

Rsp.2.4.10 - South Asian Microfinance Network (SAMN)

The South Asian Microfinance Network (SAMN), established in 2008, with a vision to improve quality and scale of financial services among low-income population in the countries of South Asia, is a regional microfinance industry association working to enhance financial inclusion among low-income population in south Asia. SAMN achieves this by improving knowledge, business environment and capital flows for the microfinance industry. SAMN, through its members, who national networks from the countries of the region, is the representative and collective voice of the industry reaching more than 50 million low-income customers in the region.

Today, SAMN membership consists of the leading national networks in six countries of the region (Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka) representing over thousand microfinance providers and other industry players. The current SAMN members, each represented by Executive Head on the Board of Directors.

Contact Information

Particulars	Details
Office	South Asian Microfinance Network (SAMN) 132, Street 40, F-10/4 Islamabad, Pakistan Ph: +92 51 229 2270 Fax: +92 51 229 2230 *mehr.shah@samn.eu*
Website	*http://www.samn.eu/*

Rsp.2.5 – Information and Research

Rsp.2.5.1 - ACCESS Development Services

Set up in March 2006, ACCESS Development Services is a not-for-profit Section 25 Company whose overall aim is to incubate new institutions to enable their self-sufficiency and self-sustainability. To this end, it offers specialised technical assistance under two verticals: microfinance and livelihoods.

ACCESS assists the growing microfinance sector through streamlined and structured services to emerging MFIs and supports the enabling environment through the Microfinance India platform.

Under the Livelihoods Program Unit, ACCESS impacts the lives of the poor by developing sustainable solutions for up-scaling their income generation activities. To optimise its resources and maximise the results of its interventions, ACCESS believes in partnering with key stakeholders in the sector in order to develop mutually reinforcing strategies, bring convergence of competencies and build consensus on key issues.

Contact Information

Particulars	Details
Office	Access Development Services 28, Hauz Khas Village 1st Floor New Delhi 110 016, India Ph: +91 11 2651 0915 Fax: +91 11 2685 0821
Website	*http://www.accessdev.org/*

Rsp.2.5.2 -Centre for Microfinance (CMF)

Associated with the Institute of Financial Management and Research (IFMR), Centre for Micro Finance was established in 2005 to fill the gaps remaining in the knowledge of how to deliver microfinance services most efficiently and how microfinance can best be used as a tool to fight poverty.

The centre undertakes qualitative and quantitative research on the microfinance sector as also offers short courses in MF. It evaluates the impact of financial services (credit, savings, insurance etc) and impact of competition. It also looks into microfinance "plus" (how to effectively combine microfinance with other development interventions and non-financial services) and sector wide policies and regulations.

Contact Information

Particulars	Details
Office	Centre for Micro Finance A1, 10th Floor, IITM Research Park, Kanagam Road (Behind TIDEL Park) Tharamani, Chennai 600113, Tamil Nadu, India Ph: +91 44 6668 7000 Fax: +91 44 6668 7010
Website	***http://www.centre-for-microfinance.org/***

Rsp.2.5.3 - Centre for Policy Research (CPR)

CPR is an independent and non-partisan research institute and think tank. Its main objectives are to provide thought leadership and creative solutions to address pressing intellectual and policy issues. It is one of the 27 national social science research institutes recognized by the Indian Council of Social Science Research (ICSSR), Government of India. It is set apart by its multi-disciplinary approach and unique blend of scholarship and practical expertise. CPR's faculty has considerable impact on policy and public debates.

Objectives

The main objectives of the Centre for Policy Research are:

- To develop substantive policy options for the improvement of policymaking and management;

- To carry out policy studies of various sectors of the policy, economy and society with a view to promoting national development;
- To provide advisory services to governments, public bodies or any other institutions including international agencies on matters having a bearing on the performance and optimum use of national resources for social and economic development; and
- To disseminate information on policy issues through publication of journals, reports, pamphlets and other literature including research papers and books.

Contact Information

Particulars	Details
Office	Centre for Policy Research Dharam Marg, Chanakyapuri New Delhi 110 021, India Ph: +91 11 2611 5273-76 (4 Lines) Fax: +91 11 2687 2746 cprindia@vsnl.com
Website	http://www.cprindia.org/

Rsp.2.5.4 - Centre for Study of Social Exclusion and Inclusive Policy (CSSE & IP)

Founded in 1930, the Gokhale Institute of Politics and Economics (GIPE) is one of the oldest institutions for economics teaching and research in India. The Institute is located in the premises of the Servants of India Society, established in 1905 by the great Indian nationalist leader Gopal Krishna Gokhale (1866-1915). On the Fergusson Hill behind the Institute lies the spot where Gokhale took the vows of the Society – poverty, obedience, and service to nation - and administered them to three others.

Though mainly a research Institute, the M.A. and Ph.D. degrees offered by GIPE, from its inception, were recognized by the University of Bombay. With the establishment of the University of Poona (1949), GIPE became a constituent recognized institution of that University. In 1962, recognizing its contribution to research in agricultural economics, the University Grants Commission (UGC) selected the Institute as a Centre of Advanced Study in Agricultural Economics. The scope was broadened two years later when the UGC declared GIPE as a Centre of Advanced Study in Economics. In 1993, Keeping in view its professional standing and scope for further development, the Government of India declared GIPE as ‘Deemed to be a University’.

The Centre for Study of Social Exclusion and Inclusive Policy (CSSE & IP) is a multi disciplinary research centre established under UGC in the year March, 2008 to carry out research and teaching in the areas of social exclusion, discriminatory studies and inclusive policy. The key objective of the centre is to conceptualize and problematise discrimination, exclusion and inclusion based on caste, ethnicity and religion. The centre proposes to focus on developing understanding of the nature and dynamics of exclusion and discrimination at both theoretical and empirical levels.

Contact Information

Particulars	Details
Office	Centre for Study of Social Exclusion and Inclusive Policy (CSSE & IP) Gokhale Institute of Politics and Economics (GIPE) BMCC Road, Deccan Gymkhana Pune 411 004, Maharashtra, India Ph: +91 20 2565 0287 / 4288 / 2566 1367 / 2567 9940 Fax: +91 20 2565 2579 ***registrar@gipe.ac.in*** **/** ***gokhaleinstitute@gipe.ac.in***
Website	***http://www.gipe.ac.in/***

Rsp.2.5.5 - Indira Gandhi Institute of Development Research (IGIDR)

Indira Gandhi Institute of Development Research (IGIDR) is an advanced research institute established and fully funded by RBI for carrying out research on development issues from a multi-disciplinary point of view. IGIDR was registered as an autonomous society on November 14, 1986 and as a public trust in January 1987. On December 28, 1987 the campus was inaugurated. Subsequently, the Institute was recognized as a Deemed University under Section 3 of the UGC Act.

Starting as a purely research institution, it rapidly developed into a full-fledged teaching cum research organisation when it launched a Ph.D. program in the field of development studies in 1990. The objective of the Ph.D. programme is to produce researchers with diverse disciplinary backgrounds who can address issues of economics, energy and environment policies.

The research agenda of the Institute is guided by policy concerns, by individual faculty members' research interests and by projects from national and international sponsors.

The output of such research is disseminated as IGIDR publications in the form of discussion papers, project reports, books, monographs and reprints of journal articles.

Agricultural Economics, Banking, Climate Change Issues, Economic History, Economic Reforms and Macroeconomic Policies, Energy and Infrastructure, Environmental Studies, Financial Sector, Food Policy, Game Theory, Industrial Economics, Industrial Organisation, International Trade and Exchange Rates, Labour Economics, Poverty, Public Distribution System (PDS), Public Economics, Rural Development and Safety Nets are the broad areas of research at IGIDR.

Contact Information

Particulars	Details
Office	Indira Gandhi Institute of Development Research (IGIDR) Gen. A. K. Vaidya Marg, Goregaon East Mumbai 400 065, Maharashtra, India Ph: +91 22 2841 6200 (Board Number) 2840 0919-21 Fax: +91 22 2840 2752 / 2841 6399 director@igidr.ac.in
Website	http://www.igidr.ac.in

Rsp.2.5.6 - Institute of Development Studies (IDSJ)

The Institute of Development Studies, Jaipur (IDSJ) was established in 1981 as an autonomous organisation registered under the Societies Registration Act, 1860, on the initiative of a group of academics, scholars and administrators of Rajasthan. IDSJ is being supported by the Indian Council of Social Science Research (ICSSR) and the Government of Rajasthan (GoR) and also receives support from various national and international organisations interested in research and development.

The main objectives of the Institute include;

- Contribution to the understanding of the development processes and problems
- Focusing studies on the issues and problems of the by-passed sections and regions
- Bringing a multi-disciplinary and collaborative approach in studying and resolving the issues and
- Providing a forum for the interested groups in resolving problems of importance to the State and its people by mutual discussion and understanding.

The Institute is a multi-disciplinary research organisation and takes cognizance of the macro environment, planning processes and strategies including their socio-economic dimensions and attempts to make timely interventions through research and dialogues.

Based on the informed assessment, an attempt is made to bridge the gap between ground realities or practices and macro initiatives. A distinguishing feature of the Institute is to help design interventions for grass-root organisations that are attempting to cope with the problems of deprivation in a specific area.

The Institute is specifically concerned with regional issues relating to Rajasthan.

Contact Information

Particulars	Details
Office	Institute of Development Studies (IDS) 8B, Jhalana Institutional Area Jaipur 302 004, Rajasthan, India Ph: +91 141 270 5726 / 6457 Fax: +91 141 270 5348 ***idsj@dataone.in***
Website	***http://www.idsj.org/***

Rsp.2.5.7 - Institute for Social and Economic Change (ISEC)

Institute for Social and Economic Change (ISEC) is an All India Institute for Interdisciplinary Research and Training in the Social Sciences, established in 1972 by the late Professor V. K. R. V. Rao. It is registered as a Society under the Karnataka Societies Registration Act, 1960, to create a blend of field-oriented empirical research and advances in social science theories leading to better public policy formulation.

Functions and Objectives of ISEC are to;

- Conduct interdisciplinary research in analytical and applied areas of social sciences, encompassing diverse aspects of development.
- Assist both central and state governments by undertaking systematic studies of resource potential, identifying factors influencing growth and examining measures for reducing poverty.
- Establish fruitful contacts with other institutions and scholars engaged in social science research through collaborative research programmes and seminars, and to conduct training courses and refresher programmes for university and college teachers and public functionaries. Thrust Areas of Current Research

The Institute has, from time to time, identified thrust areas of research, around which several research projects and studies are designed cutting across disciplinary boundaries. Some of the thrust areas that have emerged in recent periods:

- Agricultural Economy in the context of WTO and Globalization – Implications and imperatives.
- Analysis of State Level Trends in Agricultural development. Institutions and agricultural development;
- Decision-making at Micro and Macro-level in Agricultural and horticultural Production and Process sectors.
- Economics of Education; Infrastructure Economics;
- Emerging issues in Agricultural labour markets;
- Industrial Economics; Fiscal and Financial Economics;
- Irrigation & Water Management.
- Labour Economics and De-centralisation.
- Understanding the Growth Process at the State level: Study of Investment in industry.

Reviewing of Studies and Developing a Framework for Modeling of the Service Sectors.

Contact Information

Particulars	Details
Office	Institute for Social and Economic Change (ISEC) Dr. V. K. R. V. Rao Road, Nagarabhavi Bengaluru 560 072, Karnataka, India Ph: +91 80 232 5468 / 5519 Fax: +91 80 2321 7008 admn@isec.ac.in
Website	http://www.isec.ac.in/

Rsp.2.5.8 - Microfinance Banana Skins

The Center for the Study of Financial Innovation, under sponsorship of the Citi Foundation and CGAP, produces the annual Microfinance Banana Skins Surveys, highlighting the major risks the microfinance industry will encounter over 2-3 years. The annual survey, conducted since 2008, invites microfinance practitioners, deposit-takers, investors, regulators and observers from around the globe to discuss their opinions on the latest concerns in microfinance and the industry's ability to resolve the challenges.

Contact Information

Particulars	Details
Website	http://www.cgap.org/publications/microfinance-banana-skins-2012

Rsp.2.5.9 - Microfinance India

Microfinance India is a national platform that strengthens the Microfinance sector through high quality research, intellectual debate and knowledge dissemination. The platform is comprised of 6 composite parts

- The Microfinance India Summit
- The State of the Sector Report
- The Social Performance Report
- Policy Retreats
- State Visioning Documents and
- Microfinance India Awards

These elements bring the sector together to identify impediments to its organised growth, analyse trends and help to construct a vision for its future growth-edit.

Contact Information

Particulars	Details
Office	Microfinance India ACCESS ASSIST 28, Hauz Khas Village, 1st Floor New Delhi 110 016, India Ph: +91 11 2651 0915 / 2653 6435 / 6436 Fax: +91 11 2685 0821 / 220 ***microfinanceindia@accessassist.org***
Website	***http://www.microfinanceindia.org/***

Rsp.2.5.10 - National Council of Applied Economic Research (NCAER)

National Council of Applied Economic Research (NCAER) is an independent, non-profit research institution that is committed to assist government, civil society and the private sector to make informed policy choices. The Council encourages research on Indian themes using Indian data. NCAER is dedicated to the goal of connectivity and seeks to establish inter-linkages with research institutions interested in the areas of industry and infrastructure development, macroeconomic analysis and human development.

Agriculture, Economic and Physical Infrastructure, Economic Management, Gender, Growth, Household Behaviour, Human Development, Informality, Investment Climate, Poverty, Resource Management, Rural Development and Trade Management are the research areas currently pursued by NCAER.

NCAER's research is supported by sponsors and subscribers in both the official and private sector. Such support can be either for a specific project or for a multi-year programme. All research is invariably supervised by a member of NCAER's senior staff.

Contact Information

Particulars	Details
Office	National Council of Applied Economic Research (NCAER) Parisila Bhawan, 11, Indraprastha Estate New Delhi 110 002, India Ph: +91 11 2337 9857 / 9861 / 2 / 3 / 5 / 6 / 8 Fax: +91 11 2337 0164 *infor@ncaer.org*
Website	*http://www.ncaer.org*

Rsp.2.5.11 - National Sample Survey Organisation (NSSO)

National Sample Survey Organisation (NSSO) along with the National Statistical Office (NSO) and the Central Statistical Office (CSO) along with the Computer Centre are under the Statistics wing of the Ministry of Statistics and Programme Implementation that came into existence as an Independent Ministry on 15.10.1999 after the merger of the Department of Statistics and the Department of Programme Implementation. The other wing is the Programme Implementation.

NSSO is a unique setup to carry out surveys on socio-economic, demographic, agricultural and industrial subjects for collecting data from households and from enterprises located in villages and in the towns. It is a focal agency of the GoI for collection of statistical data in the areas which are vital for development planning.

NSSO has four divisions;

- Survey Design and Research (SDR)
- Field Operations Division (FOD)
- Data Processing and
- Economic Analysis

Objectives of NSSO are to;

i) Provide statistical and other information for the purpose of state or national planning and policy requirements.

ii) Evolve statistical techniques for the analysis of statistical data, the solutions of administrative problems and estimation of future trends.

iii) Collect and publish information which will be of use to those engaged in economic activities in the country.

iv) Provide and analyse information which are useful to research workers in socioeconomic fields.

Contact Information

Particulars	Details
Office	National Sample Survey Organisation (NSSO) Ministry of Statistics and Programme Implementation Delhi Region East Block – 6, Level 5, R. K. Puram New Delhi 110 066, India Ph: +91 11 2618 8592 / 8663 / 8789 / 8794
Website	http://mospi.nic.in/

Rsp.2.5.12 - Progress Out of Poverty Index (PPI)

The Progress out of Poverty Index® (PPI®) is a poverty measurement tool for organizations and businesses with a mission to serve the poor. The PPI is statistically-sound, yet simple to use: the answers to 10 questions about a household's characteristics and asset ownership are scored to compute the likelihood that the household is living below the poverty line – or above by only a narrow margin. With the PPI, organizations can identify the clients, customers, or employees who are most likely to be poor or vulnerable to poverty, integrating objective poverty data into their assessments and strategic decision-making.

Unlike other poverty measurement methods, the PPI was designed with the budgets and operations of real organizations in mind; its simplicity means that it requires fewer resources to use. The PPI is a set of 10 easy-to-answer questions that a household member can answer in 5 to 10 minutes. The questions are simple – "What material is your roof made out of? How many of your children are in school?" The scored answers provide the likelihood that the survey respondent's household is living below the national poverty line and other internationally-recognized poverty lines. The PPI is country-specific. There are PPIs for 45 countries, and a similar poverty scorecard with a different creation methodology exists for use in China. All together, Grameen

Foundation offers poverty measurement tools for the countries that are home to 90 percent of the people in the world who fall under $1.25/day 2005 PPP.

Contact Information

Particulars	Details
Office	Grameen Foundation Headquarters 1101 15th Street, NW, 3rd Floor Washington, DC 20005, USA spm@grameenfoundation.org
Website	http://www.progressoutofpoverty.org/

Rsp.2.5.13 - The Global Development Research Center (GDRC)

The Global Development Research Center (GDRC) is an independent nonprofit think tank that carries out initiatives in education, research and practice, in the spheres of environment, urban, community and information and at scales that are effective.

GDRC aims to consolidate disparate issues, themes and topics into one umbrella to highlight their interconnectedness and interdisciplinary nature. With the focus on knowledge transfer and information dissemination, GDRC targets the micro scale-at the level of the man-on-the-street, where most everyday decisions are taken.

Recognising that research and information delivered at the right level and at the right time is central to economic growth and sustainable development, GDRC facilitates information packaging and delivery for informed decision-making and targeted interventions.

Through its online and offline resources, GDRC seeks to build and mobilise the capacity of its target constituency to understand the importance of knowledge, and facilitate the use of information for policy dialogue and development.

GDRC aims to bring together disparate knowledge resources on a three pronged approach:

- To carry out research and development at the global level
- To implement education and training programmes at the regional level
- To facilitate policy and programme development at the local level

As these goals are interdependent and mutually reinforcing, GDRC's strategies also overlap, and have been designed for five areas:

- To put in place and adequate research capacity
- To facilitate the undertaking of strategic research
- To facilitate and stimulate the utilisation of research finding
- To enhance alliances with stakeholders
- To enhance GDRC's capacity to support decision-making

Contact Information

Particulars	Details
Office	Global Development Research Centre 1-5-1-1013, Mori Minami Machi, Higashi Nada ku, Kobe - 658-0011, Japan TeleFax: +81 78 452 8414 ***hsrinivas@gdrc.org*** ***or*** ***hari.gdrc@gmail.com***
Website	***http://www.gdrc.org/***

Rsp.2.6 – Training Establishments

Rsp.2.6.1 - Bankers Institute of Rural Development (BIRD)

Bankers Institute of Rural Development (BIRD) Lucknow is a premier institute for providing training, research and consultancy services in the field of agriculture and rural development banking in India. The Institute was established in 1983 by NABARD, the apex development bank supporting agriculture and rural development in India. In 1992, BIRD was reconstituted as a Society (under the Indian Societies Registration Act, 1860), promoted and funded by NABARD.

BIRD is also actively engaged in identifying and documenting issues critical to expansion of inclusive rural credit and facilitating policy discussions on these issues of national importance.

BIRD conducts in–house, on-location and overseas training programmes for bankers from within and outside the country, officials of central and state governments and NGOs. The training programmes cover a wide range of subjects that include banking, finance, micro finance, financial inclusion, projects, development themes, IT applications in banking, human resource management, etc. BIRD also conducts studies, research and consultancy on contemporary topics in related fields.

The present and future banking in rural areas may need to address a host of issues concerning diverse and sometimes conflicting aspects covering financial, commercial, technological, organisational, social and legal fields. All these make rural finance an interesting and challenging subject requiring specialist knowledge. BIRD endeavours, through its wide range of services, to help its clientele evolve and decide on appropriate set of interventions and strategies in addressing banking needs of a wide range of rural clients and sectors by providing requisite capacity and skill building facilities.

List of various programmes concerning MFI which are being conducted by BIRD is given below:

- Basic Programme on microFinance
- Trainers Training Programme on MF Specialised Programme
- Trainers' Training Programme on Financial Inclusion
- Advanced Programme on Micro Finance
- Trainers' Training Programme for Overseas Development Institute (ODI) Facilitators

It offers consultancy services to Banks, Government of India, State Governments, Development Agencies, NABARD, Non Government Organisations, international agencies and others in the fields relating to agriculture, rural development, rural banking, micro finance, training etc.

Centre for Micro Finance Research (CMR)

A Centre for Microfinance Research (CMR) has been set up within the BIRD campus to take up research activities in the field of microfinance for facilitating policy initiatives and improvements in design and delivery system of microfinance services. The Key activities of the Centre are:

- Research covering critical and relevant themes on microfinance spanning different geographical locations
- Publication and sharing of research outcomes and best practices
- Policy planning and advocacy through conferences, seminars etc

The research themes that are to be taken up by the centre are identified through wide consultations. CMR is headed by a Principal Researcher under whom 4-5 Researchers are conducting research. Sub centres of CMRs are also set-up in different states:

1 Sub Centre of CMR at Indian Institute of Bank Management (IIBM), Guwahati, Assam

2 Sub Centre of CMR at Chandragupt Institute of Management (CIM), Patna, Bihar

3 Sub Centre of CMR at Institute of Development Studies (IDSJ), Jaipur, Rajasthan

4 Sub Centre of CMR at Institute for financial Management and Research (IFMR), Chennai, Tamil Nadu

Contact Information

Particulars	Details
Office	Bankers Institute for Rural Development (BIRD) Sector-H, LDA Colony, Kanpur Road Lucknow 226 012, Uttar Pradesh, India Ph: +91 522 2421 097 Fax: +91 522 2421 047 / 2421 176 (Academic) ***bird@nabard.org***
Website	***http://birdlucknow.in/***

Rsp.2.6.2 - College of Agricultural Banking (CAB)

College of Agricultural Banking (CAB), established at Pune by RBI in 1969, is the premier training institution in the financial sector of India, catering to the training needs for senior / middle level executives of RBI, Commercial Banks, Financial Institutions, RRBs, Local area banks, UCBs, SCBs, DCCBs, NBFCs, Government Departments / Agencies, MFIs, NGOs, SLFIs, PDs, Mutual Funds and FIs / Banks / Central Banks of other countries.

CAB presently runs programs under five distinct channels:

- Rural Banking
- Cooperative Banking
- Human Resources Management
- Information Technology and
- International and Miscellaneous

CAB also organizes workshops seminars conferences many a times in collaboration with national level premier institutions in themes of banking, finance etc. Under micro finance CAB organizes trainers training programmes, annual conference on themes like micro finance research, financial Inclusion, BC / BF model, Risks in Micro finance etc. Besides programmes like SHG exposure, conferences of Priority Sectors-In charge of Banks are also organised.

CAB has also set up Financial Inclusion and Financial Literacy Centre (FIFLLC) in its campus. The purpose of setting up of FIFLLC is to provide a dynamic public gallery presenting the developments in the field of financial inclusion and financial literacy.

Contact Information

Particulars	Details
Office	College of Agriculture Banking Reserve Bank of India University Road Pune 411 016, Maharashtra, India Ph: +91 Fax: +91 20 2553 7089 / 2553 8959 *cabacasemic@rbi.org.in*
Website	*www.cab.org.in*

Rsp.2.6.3 - Entrepreneurship Development Institute of India (EDII)

Entrepreneurship Development Institute of India (EDII) an autonomous body and not-for-profit institution, set up in 1983, is sponsored by apex financial institutions, namely the IDBI Bank Ltd, IFCI Ltd. ICICI Bank Ltd and State Bank of India (SBI). The Institute is registered under the Societies Registration Act 1860 and the Public Trust Act 1950.Among others the EDII has set up Centre for Micro enterprises, Micro Finance and sustainable Livelihood which undertakes the followings:

- Enterprise creation employment generation and poverty alleviation at grassroots through development interventions
- Capacity building of NGOs in microenterprise development
- Training of Rural poor as entrepreneurs
- National resource agency for office of the Development Commissioner 20 handloom clusters in 12 states
- Cluster management and Technical agency for Shrinagar mega carpet cluster and Shivsagar Mega handloom cluster

Contact Information

Particulars	Details
Office	Entrepreneurship Development Institute of India (via Ahmadabad Airport and Indira Bridge) P.O. Bhat 382 District Gandhinagar, Gujarat, India Ph: +91 79 2396 9151 / 9153 / 9163 Fax: +91 79 2396 9164 *info@ediindia.org*
Website	*http://www.ediindia.org/*

Rsp.2.6.4 - Indian Institute of Banking and Finance (IIBF)

Established in 1928 as a Company under Section 25 of the Indian Companies Act, 1913, Indian Institute of Banking & Finance (IIBF), formerly known as The Indian Institute of Bankers (IIB), is a professional body of banks, financial institutions and their employees in India.

With its membership of over 677 banks and financial institutions as institutional members and about 450,000 of their employees as individual members, IIBF is the largest Institute of its kind in the world and is working with a Mission *"to develop professionally qualified and competent bankers and finance professionals primarily through a process of education, training, examination, consultancy/counseling and continuing professional development programmes"*.

During its 84 years of service, IIBF has emerged as a premier institute in banking and finance education for those employed as well as seeking employment in the sector, aiming for professional excellence. Since inception, the Institute has educated numerous members and awarded several banking and finance qualifications, viz., JAIIB, CAIIB, Diploma and Certificates in about 20 specialized areas and helped them to sustain their professionalism through Continuing Professional Development programs.

The Institute has also been contributing in the area of financial inclusion by offering certification course for BCs / BFs.

IIBF is a 'Distance Learning' Institute. In order that the candidates who appear for the examinations get adequate education / knowledge inputs, the Institute offers various educational services. The pedagogy of Distance Learning offered by the Institute is;

- Publishing specific courseware for each paper / examination
- Publishing work books
- Tutorials through accredited institutions
- Contact classes
- Virtual classes
- e-learning through portal
- Campus training for selected courses
- Exam related updates on web site
- Webex classes etc.

As a professional body, Institute tries to keep the members abreast with the happening in the banking space through daily e-news letter called “Fin @ Quest”, a monthly bulletin – “IIBF-Vision”, a quarterly journal – “Bank Quest” and Reports based on the Research Studies commissioned by the Institute on the subjects of topical importance to bankers and finance professionals, besides organizing Seminars, Conferences, Lecturers, short duration programs and Management Development Courses in collaboration with leading management institutions, as part of Continuing Professional Development.

The Institute has started offering Leadership development, Faculty development, and other courses in the new premises.

IIBF is collaborated with various eminent Institutes in India and across the globe viz:

- Indira Gandhi National Open University (IGNOU)
- Financial Planning Standard Board of India
- Banking Codes and Standards Board of India (BCSBI)
- Zambia Institute of Banking & Financial Services
- National Banking Training Institute, Nepal
- The Chartered Institute of Bankers–Alliance of African Institute of Bankers (AAIOB) etc.,

for various banking related educational services.

Contact Information

Particulars	Details
Office	Indian institute of Banking & Finance (IIBF) Kohinoor City, Commercial – II, Tower-I, 2nd & 3rd Floor, Kirol Road, Off-L.B.S Marg, Kurla-West Mumbai 400 070, Maharashtra, India Ph: +91 22 2503 9604 / 9746 / 9907 Fax: +91 22 2503 7332
Website	***http://www.iibf.org.in/***

Rsp.2.6.5 - Indian Institute of Bank Management (IIBM)

Indian Institute of Bank Management (IIBM), formerly known as North Eastern Institute of Bank Management, is an autonomous management institute engaged in education, training, research and consultancy in the areas of banking and finance. Though initially, it was constituted to cater to the training and educational needs of the N E Region, it has since grown into an All-India Institute.

RBI is the chief sponsor of the Institute along with co-sponsors (1) SBI, (2) NABARD (3) United Bank of India, (4) UCO Bank, (5) Central Bank of India and (6) Allahabad Bank. IDBI Bank Ltd. is an Associate Member of the Institute.

To cater to the MF sector, IIBM conducts, among others, following programmes;

- For Business Facilitators/ Business Correspondents
- Priority Sector Lending - Towards inclusive growth and profitability
- On Microfinance and Financial Inclusion
- On Managing Risk In Agricultural Lending

The institute has a team of competent faculty to undertake applied and action research project.

IIBM, in its commitment for inclusive growth and financial inclusion houses a sub-center for Center for Microfinance Research (CMR) of BIRD, Lucknow which undertakes dedicated research on emerging themes related to rural finance in general and microfinance in particular in the North Eastern Region.

The Center, established in the year 2008, in collaboration with the BIRD provides knowledge development support to the various stakeholders of the microfinance sector including Financial Institutions and the Banking fraternity. IIBM has a focussed training programme for Microfinance and Financial Inclusion that integrates knowledge dissemination of the various research projects undertaken by CMR.

The Center has undertaken research on themes related to Traditional Credit Institutions in NER, SBLP, MFIs and the BC / Bf Model.

Contact Information

Particulars	Details
Office	Indian Institute of Bank Management (IIBM) Khanapara, Jawahar Nagar Guwahati 781 022, Assam, India Ph: +91 361 2363 106 / 155 / 156 / 157 Fax: +91 361 2363 102 / 103 iibm_ghy@sify.com
Website	http://www.iibm.ac.in/

Rsp.2.6.6 - Indian Institute of Forest Management (IIFM)

Founded in 1982, the Indian Institute of Forest Management (IIFM) is an autonomous institution at Bhopal in Madhya Pradesh, India, established by the Ministry of Environment and Forests, GoI with financial assistance from the Swedish International Development Cooperation Agency (SIDA) and course assistance from the Indian Institute of Management Ahmedabad.

The institute's objective is to fulfill the growing need for managerial human resource in forest and allied sectors. IIFM has developed as an educational, research, training and consultancy organization and is gradually acquiring an international reputation. As a campus it is also famous for its rich flora and fauna with sightings of various wild mammals and birds within campus.

IIFM conducts following courses:

1. Post Graduate Diploma in Forest Management (PFM)
2. M. Phil. in Natural Resource Management (MRM) and
3. Fellow Program in Management (FPM)

Its flagship PFM course is one of its kind in Asia. In addition, it conducts Management Development programmes.

Contact Information

Particulars	Details
Office	Indian Institute of Forest Management (IIFM) Post Box # 357, Nehru Nagar Bhopal 462 003, Madhya Pradesh, India Ph: +91 755 2773 799 / 2775 716 / 2766 675 Fax: +91 755 2772 878
Website	***www.iifm.ac.in/***

Rsp.2.6.7 - Indian Institute of Management - Bangalore (IIMB)

The Indian Institute of Management Bangalore (IIMB), has world-class infrastructure that facilitates excellence in teaching, research, consulting and other professional activities. Located in India’s high technology capital, IIMB is in close proximity to some of the leading corporate houses in the country, ranging from information technology to consumer product companies, giving it the added advantage of integrating classroom knowledge with practical experience.

Established in 1973, the Institute has since then built on its base of highly accomplished faculty, world class infrastructure and motivated student body to emerge as one of the premier institutes for management education and research promoting managerial excellence in the country. IIMB strives to achieve excellence through partnerships with industry, and leading academic institutions, the world over.

The Microfinance Group was established in September 2004 at IIMB, in response to the gaps in academic involvement in the growing and dynamic microfinance sector in India. IIMB has strong experience in entrepreneurship development through the N.S. Raghavan Centre for Entrepreneurial Learning (NSRCEL) and has been engaged with the private corporate sector for three decades. IIMB has developed strong links with public systems and with not-for-profits through the Centre for Public Policy. The Institute possesses enormous strengths in finance, banking and insurance. The partnership with the Microfinance Management Institute (MFMI) helped IIMB initiate the Microfinance Group that could use these strengths to contribute to societal needs.

IIMB is a partner institution in the “Microfinance in MBA Programs” Project of the MFMI. The concerns of MFMI and IIMB converged on the need to build management capacity in the microfinance sector.

Given the specific needs of the microfinance sector in India, IIMB felt that it could play a constructive role by setting up an incubator for MFI start-ups. The IIMB Microfinance Incubator is the flagship programme of the Microfinance Group and has brought together many partners from the microfinance industry and we hope that in the years to come it would not only help MFI-start-ups but also other businesses that could facilitate the growth of microfinance, such as cash facilitation services or information technology companies specialising in microfinance operations.

Contact Information

Particulars	Details
Office	Indian Institute of Management Bangalore Bannerghatta Road, Bangalore 560 076, Karnataka, India Ph: +91 80 2658 2450 / 2699 3996 Fax: +91 80 2658 1602 / 4004 / 4050 / 4181 *info@iimb.ernet.in*
Website	*http://www.iimb.ernet.in/*

Rsp.2.6.8 - Indian School of Microfinance for Women (ISMW)

Indian School of Microfinance for Women (ISMW), started in June 2003, is an initiative in microfinance which is promoted to address the capacity building requirements in the sector. The School particularly focuses upon the lives of women who are the primary participants in microfinance interventions. Microfinance is perceived by the School not only as a means of poverty alleviation but also as a means for women's leadership and the building of women's assets.

The Objectives of ISMW are to;

- Enhance the capacity of the sector
- Provide thrust to microfinance practice and thinking
- Be an educational innovator
- Build a conducive environment for strengthening and spreading microfinance through policy advocacy Build an institute of international repute.

The School designs its programs to cater to the need for capacity building on two counts – first the need for enhancing the capacity of the institutions through systems strengthening and skill building of its human resources and the other side making the demand side stronger by providing grass root level organizations the required inputs in group formation, strengthening, and facilitating promotion of livelihood interventions.

The objective is to bridge the gap in knowledge and skills and reach to the capacity building requirements of the microfinance sector. Recognizing the growing role of the community based organizations and their value addition to SHG functioning, the school this year would be focusing on designing programs for the Community Based Organizations.

Citi Centre for Financial Literacy (CCFL) housed in ISMW, was launched on September 10th, 2005. It is dedicated towards spreading Financial Literacy, which is one of the niche areas of the School. The main objective of CCFL is, "spreading Financial Literacy amongst the poor, especially women by building their financial awareness, knowledge and skill to enable them to manage their finances and thereby making them financially self-reliant and provide them better and secured future". The School works with 17 partners to spread financial literacy.

The mandate of the School, based in Ahmedabad, is to work nationally and internationally. Currently the School works with partners throughout India.

The School's uniqueness stems from being one of the first institutions drawing upon the best of the indigenous knowledge and the expertise to a common forum, from where it can be disseminated and made available for the microfinance sector.

Contact Information

Particulars	Details
Office	Indian School of Microfinance for Women 2nd Floor - Shukun Arcade, Nr. Medisurge Hospital, Mithakhali Six Roads Ahmedabad-380006. Gujarat, India Ph: +91 79 2644 2593 / 6943 4271 / 4001 0000 TeleFax: +91 79 2642 2819 / 4001 0113 ***admin@ismw.org.in***
Website	***http://www.ismw.org.in/***

Rsp.2.6.9 - Institute for Financial Management and Research (IFMR)

The Institute for Financial Management and Research IFMR, Chennai, is a leading business school with the objective of molding ambitious young managers into effective executives in a global setting. IFMR's curriculum offers a mix of theory and simulated real life exposure. Its graduates are equipped to meet challenges from the day they are absorbed into the corporate sector.

Established in 1970 as a Non-Profit organization, IFMR was sponsored by ICICI, the House of Kotharis and other major industrial groups. The Board of Governors includes leaders of major corporations in India. The Finance Secretary, Government of Tamil

Nadu, and the Vice Chancellor of the University of Madras are ex-officio board members.

Recognized as a social science research institute by the department of Scientific and Industrial Research, Government of India, IFMR is approved as an institution of national importance by the Ministry of Finance. Faculty members at IFMR have worked and consulted with both national and international organizations. Students too are involved in these projects, ensuring continuous interaction with industry. IFMR is an approved institution by the University of Madras for pursuing a Ph. D. degree in Finance and Economics.

IFMR has close ties with IIBF and MMA, and research collaboration with the London School of Economics. IFMR has also recently entered into a comprehensive three year partnership with the Massachusetts Institute of Technology (MIT) to redesign its entire approach towards teaching and research in order to offer a world class curriculum to the students. We have about 40 students from the Kennedy School of Government, Harvard Business School, Sloan School of Management, Yale University etc., pursuing close to 20 research projects thereby creating a very stimulating academic environment on campus.

IFMR's PGDM program is the result of three decades of learning through consultancy, industry interaction and applied research. Over the years, it has been fine tuned to become a programme that addresses the needs of students and the industry. IFMR's brings an emphasis on finance and research to the course, giving it an edge that few can bring.

The Post Graduate Diploma in Management-Development & Sustainable Finance (PGDM–DSF) is the perfect option for those who are as interested in contributing to society as they are in their own growth. Evolved through continuous research going on at IFMR and its various research centers, the PGDM-DSF program is designed for increasing the reach and effectiveness of development initiatives through sustainable finance. IFMR's unique two-year program in Financial Engineering has been designed to provide management graduates with rigorous training in applied quantitative finance. As financial markets become more integrated and sophisticated, there is a strong demand for graduates who can not only understand and price these products but also measure and manage the risk arising from such products. IFMR's flagship program in Financial Engineering was launched in year 2005 to meet this demand.

Contact Information

Particulars	Details
Office	Institute for Financial Management and Research (IFMR) 24, Kothari Road, Nungambakkam Chennai 600 034, Tamil Nadu, India Ph: +91 44 28303400 / Fax: +91 44 28279208 *enq@ifmr.ac.in*
Website	*http://www.ifmr.ac.in/*

Rsp.2.6.10 - Institute of Rural Management (IRMA)

Institute of Rural Management (IRMA) was established in 1979 at Anand, Gujarat with the support of the Swiss Agency for Development Cooperation (SDC), the Government of India, the Government of Gujarat, erstwhile Indian Dairy Corporation and the National Dairy Development Board to provide management education, training, research and consultancy support to co-operatives and rural development organisations in India.

Born out of a maverick's dream, IRMA has become a frontrunner in professionalising the development of India's rural sector. Over the years it has provided management training, support and research facilities to students committed to rural development and in this process it has brought within its ambit several co-operatives, non-government organisations, government development agencies, international development organisations and funding agencies.

The Institute attempts to prepare young talented managers through a well-structured two-year Post-Graduate Programme in Rural Management to undertake challenging responsibilities in the rural co-operatives and the development organisations. The institute has initiated Fellow Programme in Rural Management . IRMA has been closely working with its client organisations to integrate their emerging needs into the programme by periodically revising the curriculum of both post graduate and fellow programmes. These programs reflect adequately the growing need of partnering the institute with its member organisations.

Contact Information

Particulars	Details
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Website	***https://www.irma.ac.in/***

Rsp.2.6.11 - Micro Finance Training of Trainers (MFTOT)

The Asian Development Bank (ADB), the World Bank Tokyo Development Learning Center (TDLC), which is a member of GDLN Asia Pacific, and the United Nations Capital Development Fund (UNCDF), launched the Microfinance Training of Trainers (MFTOT) course in 2005.

The interactive microfinance distance learning course (MFDL) developed by UNCDF is the core learning material for study.

Now in its 9th programme since inception, MFTOT continues to pursue its goal of strengthening capacity of microfinance by making high-quality microfinance training accessible to more decision-makers, professionals and practitioner in the field of microfinance as well as increasing the number and country coverage of accredited microfinance trainers around the world with a focus in the Asia Pacific region.

The self-study interactive on-line course (MFDL) is useful to study before joining this MFTOT course. At the MFTOT blended learning course, one can study more in depth with additional assignments for each section, receiving online tutoring, joint interactive video conferences, lectures and Question & Answer sessions and aim for accreditation and receive certificates issued by the organisers.

Contact Information

Particulars	Details
Website	***http://mftot.jointokyo.org/***

Rsp.2.6.12 - Micro Insurance Academy (MIA)

Micro Insurance Academy (MIA), an Indian Charitable Trust dedicated to training, research, technical assistance and advisory services for micro insurance units serving the poor. At present, MIA is the first and only institution dedicated to providing technical assistance to grassroots communities and organisations in insurance domain knowledge.

MIA is a not-for-profit organization providing technical assistance in micro insurance to organizations that focus on low-income communities. MIA is among the largest micro insurance resource centres globally. It works in liaison with partners from civil society, academia, bilateral and multilateral development agencies, the (re)insurance industry and national governments. The organisation's rapidly growing geographical spread covers several countries across Asia and Africa, including Cambodia, Fiji, India, Myanmar, Nepal and Tanzania.

MIA has developed a model that empowers poor communities to access and manage financial risks through tailored insurance solutions that match people's needs and ability to pay. MIA does this through a process that the beneficiaries understand, trust and take responsibility for with an aim of "help communities manage risks from the ground up".

In May 2011, catering to the growing need for MIA's expertise from all over the world, MIA opened its international office in Bonn, Germany. The international office will be able to reach out to new and current partners in Europe, access new ones in northern America and also help MIA to efficiently services countries in Africa. The majority of the team, however, continues to be based at New Delhi, India, where MIA was launched in May 2007, as a project of Sarvajan Unnati Bodhini Charitable Trust. Even as MIA expands globally, with a special eye on Africa, it intends to increase its penetration in countries where it has existing activities, including those in South Asia, South East Asia and the Pacific.

MIA has been awarded the international quality management standard ISO 9001: 2008 certification for its provision of training on micro insurance implementation process of a contextualized pro-poor insurance system. MIA is the first organization in the micro insurance sector to receive this international quality management standard relating to micro insurance. With ISO 9001:2008 certification in hand, the MIA implementation, monitoring and management processes are systemically designed for replication.

MIA's holistic approach to micro insurance (combining research, structured technical assistance, capacity building, advocacy and advisory services) and innovative training methods, has won international recognition.

Contact Information

Particulars	Details
Office	Micro Insurance Academy 52-B, 1st floor, Okhla Industrial Estate, Phase III New Delhi 110 020, India Ph: +91 11 4379 9100 Fax: +91 11 43799117 ***mia@mia.org.in***
Website	***http://www.microinsuranceacademy.org/***

Rsp.2.6.13 - National Institute of Rural Development Hyderabad (NIRD)

National Institute of Rural Development (NIRD) facilitates the rural development efforts with particular emphasis and focus on the rural poor by improving the knowledge, skills and attitudes of rural development officials and non-officials through organising training, workshops and seminars.

NIRD is a school for practicing managers engaged in rural development. Over 150 programmes involving about 3000 participants are organized annually mostly sensitizing policy makers, elected representatives of the people, young civil servants and media professionals. It also trains functionaries from the Government, development banking institutions and community based organizations to help carry forward and spread the message of all-round rural development.

Curriculum development, preparation of training manuals and training guidelines are its forte. Custom-made training programmes were conducted for the senior officers of Bangladesh, Ethiopia Nigeria, Uganda, in recent years. Besides, it offered study visits to rural development functionaries from some of the countries of Asia, Africa, Latin America and Eastern Europe

For nearly two decades, NIRD has been offering international training programmes to participants from 30 countries annually. These are in the fields of Rural Industries, Income-generating Activities for Women, Decentralized Planning and Sustainable Economic Development. Each programme attracts about 25 to 30 participants from different countries. offered by NIRD

Contact Information

Particulars	Details
Office	National Institute of Rural Development (NIRD) Rajendranagar Hyderabad 500 030, Andhra Pradesh, India Ph: +91 40 2400 8439 / 8526 Fax: +91 40 2401 6500 ***cit@nird.gov.in / admin@nird.gov.in***
Website	***http://www.nird.org.in/***

Rsp.2.6.14 - Rural Development and Self Employment Training Institute (RUDSETI)

With the aim of mitigating the unemployment problem among the youth, a new initiative of setting up a “RURAL DVELOPMENT AND SELF EMPLOYMENT TRAINING INSTIUTE” with its acronym RUDSETI was tried jointly by Sri Dharmasthala Manjunatheshwara Educational Trust, Syndicate Bank and Canara Bank in 1982 at Ujire, Dakshina Kannada district of Karnataka State, India.

Several centers of the RUDSETI are already operating successfully now. However, there is an urgent need for up scaling the operations in this area keeping in view the mammoth requirements in the country. Ministry of Rural Development (MoRD) is convinced that there is a need for a dedicated structure to ensure necessary skill up gradation of the rural BPL Youth.

Since the RUDSETI has today become a replicable model, the MoRD proposed to support establishment of one RUDSETI type of Institution in each district of the country to tap the rural BPL youth from the rural hinterland. So far 30 RUDSETIs are opened across the country and these are bank led institutions managed and run by the Public Sector Banks.

Contact Information

Particulars	Details
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Website	***http://www.rudsetitraining.org/***

Rsp.2.6.15 - Tata-Dhan Academy (TDA)

The Tata-Dhan Academy (TDA) nurtures, grooms and educates young graduates, both boys and girls, as Development Professionals. They possess multi-disciplinary knowledge including applied technologies relevant to the 'context'.

Equally high is the emphasis on 'learning' and 'building knowledge' through action-reflection-action. Side by side the focus is on building high quality techno-managerial competencies supported by appropriate motivations, values and attitudes to work with people, the disadvantaged in particular, with a view to "building people's organisations to build people".

TDA aims at becoming a Centre of Excellence in Development Management education, training and Research by;

- Inducting and grooming young graduates as development professionals
- Building the capacity of Practitioners in the development sector
- Building and enabling a world of Knowledge & practice through action-reflection and adapting global knowledge

The Programme in Development Management (PDM) is a two-year five-term master's programme. Graduates are awarded a Post Graduate Diploma in Development Management (PGDDM).

The Academy conducts short duration courses on Development Management for practitioners from NGOs, academicians and researchers. The duration of these programmes vary from one to three weeks and the participants are from different countries across the globe representing field organisations, government departments and donors. The Academy regularly offers two-week Development Management

Appreciation Programme; and a two-week programme in building Social Development Research Capacity for practitioners, academicians and researchers. The Academy offers a specialised programme on ART of up-scaling microfinance for international clients

Contact Information

Particulars	Details
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Website	***http://dhan.org/tda/***

Rsp.2.6.16 - The Boulder Institute of Microfinance

The Boulder Institute of Microfinance is a not for-profit organization categorized under the 501(c)(3) Internal Revenue Service code which is registered in the State of Colorado, USA. The Boulder Institute strives to bring together and promote the best experiences, publications, and future leadership of a unique community of learning.

Boulder Institute combines the extensive analysis of established practices with critical analysis needed to foster solutions to the challenges that emerge in expanding access to financial services for the poor around the world.The Institute has its headquarters in Boulder, Colorado and also has an office in Seattle; Syracuse; and Santiago, Chile.

- The Boulder Institute of Microfinance is dedicated to increasing access of formal financial services for low income families to help them achieve their multiple goals and ultimately improve their lives.
- The Boulder Institute offers annual microfinance training programs that challenge microfinance professionals to engage in critical thinking around decisions they face in their microfinance activities and become familiar with the evidence behind success and failure in the provision of financial services.
- Over the past 18 years, Boulder's Microfinance Training Programs (MFT) have reached senior and mid-level staff of microfinance institutions, commercial banks, government agencies (both donors and central banks), and support organizations.

The first Boulder Microfinance Training program took place in 1995 at the Economics Institute in Boulder, Colorado. During the first year, 20 participants attended the program. In 1996, the subsequent year, 38 participants attended. Since 1997, about 200 participants have attended the English program each year. In total, 4,231 professionals have received training since the program's inception. From 2001 to 2004, the English program took place at the University of Naropa which is also located in Boulder, Colorado.

The Boulder Institute of Microfinance grew out of the successful "Micro Finance Training Program", offered by the Economics Institute and subsequently by the Naropa University, both in Boulder, Colorado, where it ran for ten years. After the events of September 11, 2001, it became increasingly difficult to obtain visas for our participants. At that time, after looking at a number of alternatives, the Boulder Institute of Microfinance and Sustainable Development was formed, and moved the MFT program to the International Labour Organisation's (ILO) International Training Centre (ITC) in Turin, Italy, where it has run for the past eight years.

In 2005, the French language version of the MFT was added in response to a general sense that the microfinance community in West Africa was simply not being included in the cutting edge of the development of the industry. At ITC, Italy the program has continued in English and is also offered at the same time in French. By running the two programs concurrently, BI strives to provide an opportunity for participants from culturally different worlds to interact, share experiences, and create social networks among colleagues and faculty. Two years later, the Spanish MFT was founded, that has been held in a number of different venues throughout Latin America. Both the new programs have received strong evaluations from both participants and faculty.

In the constellation of groups that promote financial access, the Boulder Institute has long played a vital yet complementary role. Over the past 18 years, the Institute has been a prime mover in the professionalizing, and ultimately the commercializing of microfinance. Every year, the Boulder Institute brings together hundreds of microfinance leaders and practitioners to discover and discuss new strategies and fundamental themes for the development and advancement of the global industry. By incorporating new tools and techniques, MFIs can offer better financial services to the poorest.

Participants work primarily in financial institutions and support organizations, followed closely by public institutions. With respect to the level of responsibility, participants are generally working as Area Managers, followed by General Managers and Directors. Local coordinators represent the next group followed by consultants and microfinance specialists.

Contact Information

Particulars	Details
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Website	***www.bouldermicrofinance.org/***

Rsp.2.7 – Campaigns and Summits

Rsp.2.7.1 - Smart Campaign

The Smart Campaign is a global effort to unite microfinance leaders around a common goal of keeping clients as the driving force of the industry and committed to embedding client protection practices into the institutional culture and operations of the microfinance industry.

When Microfinance institutions implement the Campaign's Client Protection Principles into their operations, they build strong, lasting relationships with clients, increase client retention and reduce financial risk. Similarly by incorporating client protection principles into their investment criteria and due diligence, microfinance investors can build a healthier, more client-focused industry that will foster a stronger portfolio and ensure healthy returns.

To help the microfinance industry remain both socially focused and financially sound, The Smart Campaign is working with microfinance leaders from around the world to provide microfinance institutions with the tools and resources they need to deliver transparent, respectful, and prudent financial services to all clients. By putting clients first and collaborating together, the microfinance industry can be strengthened and elevated to be a model of responsible banking around the world

Contact Information

Particulars	Details
Office	The Smart Campaign C/o The Center for Financial Inclusion at ACCION 1101 15th Street, NW, suite 400 Washington, DC 20005, USA Ph: +1 202 393 5113 Fax: +1 202 393 5115
Website	***http://www.smartcampaign.org/***

Rsp.2.7.2 - Microcredit Summit Campaign

The Microcredit Summit Campaign brings together microfinance practitioners, advocates, educational institutions, donor agencies, international financial institutions, non-governmental organizations and others involved with microfinance to promote best practices in the field, to stimulate the interchanging of knowledge and to work towards reaching our goals.

In 1997, the first Microcredit Summit launched a nine-year campaign to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005.

In November of 2006 the Campaign was re-launched to 2015 with two new goals:

- Working to ensure that 175 million of the world's poorest families, especially the women of those families, are receiving credit for self-employment and other financial and business services by the end of 2015.
- Working to ensure that 100 million families rise above the US$1.25 a day threshold adjusted for purchasing power parity (PPP), between 1990 and 2015.

In addition to our goals, the Campaign has four core themes that focus not only on the number of clients reached but also on the quality of the practitioners' work:

- Reaching the Poorest
- Empowering Women
- Financial Self-Sustainability
- A Positive, Measureable Impact

Additionally, the Campaign is the administrative home of Truelift, the industry initiative formerly called the Seal of Excellence for Poverty Outreach and Transformation. Truelift aims to certify institutions reaching the poorest clients and achieving results, and to share best practice of institutions that are having the greatest success in achieving their poverty outreach missions.

Contact Information

Particulars	Details
Office	Microcredit Summit Campaign A Project of Results Educational Fund 1101 15th Street, NW, Suite 1200 Washington DC 20005, USA Ph: +1 202 637 9600 Fax: +1 202 466 1396 info@microcreditsummit.org
Website	http://www.microcreditsummit.org/

Rsp.2.7.3 - Microfinance India Summit

Microfinance India Summit is an annual event co-organised by ACCESS-ASSIST and ACCESS Development Services as a platform for sharing the Indian experience, unique as it is, with a global audience. The platform brings together diverse stakeholders engaged with Financial Inclusion within and outside India. Since 2004, the Microfinance India Summit has come a long way in terms of establishing itself as one of the largest stakeholders' events in the "Financial Inclusion" space, globally.The annual summit facilitates cross learning of various models and methodologies, service deliveries and deliberating on various Policy issues. The deliberations revolve around the gamut of topical themes in financial inclusion and services at the bottom of the pyramid.

Themes and issues pertaining to the MFI and SHG channels of microfinance, funding issues, to financial inclusion through the mainstream banking as well as agent banking models, policy and regulatory issues, deliberations on financial inclusion including the policies of large banks in enhancing access and last mile delivery as well as potential and possibilities of allowing small banks as new banking institution to provide an impetus to financial inclusion are important themes that would be discussed.

Specific technical sessions typically backed by studies and reports will deal with issues of human resource practices, efficacy and role of credit bureaus, responsible finance practices in SHG linkage and status and issues in housing microfinance etc. As per tradition, the Microfinance India State of the Sector Report and Social performance report will be released and presented at the Summit. Microfinance India Awards will be presented at the end of the Day 1 of the Summit to celebrate and recognise the continued efforts and commitment of institutions and individuals across channels.Various sub events like Microfinance India Awards, Thematic Roundtables and Knowledge Fair are organized around the Summit along with Livelihoods Conference which also is an annual conference.

Contact Information

Particulars	Details
Office	Microfinance India Summit 28 Hauz Khas Village, 1st floor New Delhi – 110 016, India Ph: +91 11 2651 0915 / 2653 6436 / 2653 6435 *Info@accessassist.org*
Website	http://accessassist.org/

Rsp.2.8 – Capital Investment Support Organisations

Rsp.2.8.1 - Aavishkaar Venture Management Services

Aavishkaar is a pioneer in early stage investing in the country and has been active in the space for over a decade. Guided by the fundamental belief that investing in early stage entrepreneurial ventures can not only deliver commercial returns, but also bring about significant efficiencies and developmental impact to rural and underserved communities, Aavishkaar has built a track record of high impact scalable enterprises in its portfolio that span across seven key sectors, namely Agriculture and Dairy, Education, Energy, Handicrafts, Health, Water and Sanitation, Technology for Development and Microfinance and Financial Inclusion

Aavishkaar aims to harness the entrepreneurial spirit at the bottom of the pyramid to create inclusive economic development. It seeks to empower disadvantaged and rural communities through infusion of commercial activities. Typically entrepreneurs who operate at the lower end of the economic spectrum are overlooked by financiers as they are categorized as being too small and risky.

Aavishkaar believes that not only do these entrepreneurs have potential to create widespread impact on local communities through boosting local production and creating livelihood opportunities but also provide attractive commercial returns. Aavishkaar has taken it upon them to be the leaders of micro equity investments to create scalable small entrepreneurs with significant social impact.

Contact Information

Particulars	Details
Office	Aavishkaar Venture Management Services 13B, 6th Floor, Techniplex II, IT Park, Off Veer Savarkar Fly Over, Goregaon West, Mumbai 400 062, Maharashtra, India Ph: +91 22 6124 8900 Fax: +91 22 6124 8930
Website	http://www.aavishkaar.in/

Rsp.2.8.2 - Bellwether Microfinance Fund Private Limited (Caspian Advisors Private Limited)

Bellwether, launched in 2005, is an Indian on-shore equity and debt fund that invests in start-up and mid-sized Indian microfinance institutions. Bellwether has established itself as a pioneering catalyst in the Indian microfinance space, through its work as the first on-shore microfinance fund.

Bellwether's objectives include to:

- Accelerate capital flow to the microfinance sector through a wide range of advisory and facilitation services
- Enable financially viable MFIs to scale up their operations and/or transform themselves in to responsible, regulated entities
- Contribute significantly to an increased access to financial services of underserved groups across India irrespective of creed, caste, or gender
- Deliver a competitive financial return along with a significant social return to its investors

Contact Information

Particulars	Details
Office	Bellwether Microfinance Fund Private Limited (Caspian Advisors Private Limited) 3rd Floor, 8-2-596/5/B/1, Road No. 10, Banjara Hills Hyderabad 500 034, Andhra Pradesh, India Ph: +91 40 6629 7100 / 6646 0505 Fax: +91 40 6646 5884 ***info@bellwetherfund.com***
Website	***http://www.bellwetherfund.com/*** ***http://www.caspian.in/bellwether_microfinance.html***

Rsp.2.8.3 - Catalyst Microfinance Investors (CMI)

Catalyst Microfinance Investors (CMI) is a private equity fund, established in 2006, and incorporated under the laws of Mauritius. Its investment manager Catalyst Microfinance Investment Company (CMIC) is supported by ASA in Bangladesh (www.asa.org.bd), and Sequoia (www.sequoia.eu) in the Netherlands. CMI invests in emerging, high potential microfinance institutions, selected and managed by a team of globally renowned microfinance practitioners and corporate finance specialists.

CMI believes that providing much needed financial services to the poor can be both efficient and profitable if the institutions that provide these services are properly managed and funded. Pioneers of microfinance, like ASA in Bangladesh, have shown that, if done correctly, microfinance can help the poor and be a profitable, low-risk venture.

By encouraging efficient, for-profit processes in its investees, CMI seeks to create and enable the next generation of market-leading, high-performing, scalable microfinance institutions around the world, and to deliver an attractive proposition to investors looking for a combination of financial and social returns. By focusing on equity investments in emerging institutions, CMI is a true growth partner.

CMI's objective is not only to provide MFIs with the funding necessary to strengthen their capital base and enable additional loan funding, but also to provide these MFIs with the recognized expertise of ASA and Sequoia management that they need to achieve efficient and effective growth.

Accordingly, CMI ensures that its investment process is efficient and non-bureaucratic. CMI greatly values the expertise and knowledge developed by top-performing local institutions and seeks to tailor its investments to the needs of our MFI partners, offering equity, debt and convertible debt instruments.

CMI has developed a simple set of reporting requirements and a quick due diligence period, enabling flexibility and rapid access to funding for the MFI. At the time of exit, after five to seven years, CMI will ensure that each of the MFIs has developed stable and sustainable operations and competent management capacity. Sequoia and Gray Ghost Microfinance Fund are CMI's cornerstone investors.

Contact Information

Particulars	Details
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Website	http://www.catalyst-microfinance.com/

Rsp.2.8.4 - International Finance Corporation (IFC)

Established in 1956, IFC is owned by 184 member countries, a group that collectively determines IFC's policies.

IFC is the World Bank Group's lead investor in microfinance, and is one of the leading multilateral investors in terms of outreach to microfinance institutions, working with more than 100 institutions in over 60 countries. As a central pillar of IFC's overall strategy, microfinance constitutes one of the most essential tools IFC possesses to achieve its ambitious reach targets over the coming years.

Contact Information

Particulars	Details
Office	International Finance Corporation 2121 Pennsylvania Avenue, NW Washington, DC 20433 USA Ph: +1 202 473 1000 (Switchboard) +1 202 473 3800 (General Enquiries) Fax: +1 202 974 4384
Website	http://www.ifc.org/

Rsp.2.8.5 - Kiva

Kiva is a non-profit organisation with a mission to connect people through lending to alleviate poverty. Leveraging the internet and a worldwide network of microfinance institutions, Kiva lets individuals lend as little as $25 to help create opportunity around the world.

Kiva lets you connect and loan money to unique entrepreneurs in developing countries. By choosing a loan on Kiva, one can "sponsor a business" and help the world's working poor strive towards economic independence.

Kiva partners with existing microfinance institutions to upload their entrepreneur profiles directly to the site.

Contact Information

Particulars	Details
Office	Kiva 875 Howard Street, Suite #340 San Francisco, CA 94103, USA Ph: +1 828 479 5482
Website	***http://www.kiva.org/***

Rsp.2.8.6 - Lok Capital

The Lok Capital initiative was launched at the end of 2000 with the support of a grant from the Rockefeller Foundation. Lok Capital means People's Capital. Lok Capital defines itself as a hands-on financial investor with social performance goals and standards, dedicated to promoting financial and social inclusion through all its activities.

India was chosen as the Funds' first market for the Lok Capital initiative for two reasons. First, schemes intended to improve access to basic services for the poor have not proven to be greatly successful in India. There exists enormous potential for delivering commercially viable solutions to urban and rural poor. Second, the Lok Capital team has a deep understanding and working knowledge of India, including its complex regulatory environment and entrepreneurial culture.

Lok Capital manages two BoP funds with over $85mn under management. The funds are the central entity of the Lok group structure. Lok Foundation, the charitable trust at the heart of Lok Capital, was set up in 2003 to promote financial and social inclusion, principally in India by means of targeted grants, technical support, research and advocacy.

Contact Information

Particulars	Details
Office	Lok Capital 2B, Ramkishore Road, Civil Lines, New Delhi 110 054, India Ph: +91 11 3090 0100 Fax: +91 11 3090 0150
Website	http://www.lokcapital.com/

Rsp.2.8.7 - MicroPlace

Launched in 2007, MicroPlace is a for-profit *PayPal* company whose mission is to create economic opportunity and stability for communities and people around the world.

MicroPlace is a brokerage platform where US individuals can invest in companies creating positive social impact in the US and abroad and earn a financial return.

Many investments offering both a financial and social return (impact investments) are only available to high net worth and institutional investors. MicroPlace levels the playing field by giving retail investors a simple and affordable way of using a portion of their investment portfolios to do good in the world and earn a financial return.

MicroPlace selects and engages experienced intermediary organizations called issuers. Issuers offer short- term notes to investors, the proceeds of which are used to help develop communities, support women, promote fair trade, provide affordable housing, conserve land and water, promote health, support green causes, and more. The notes pay periodic interest and are repaid at maturity.

Issuers pay MicroPlace a fee for providing the platform, marketing, and customer service. An essential part of leveling the playing field is to provide issuers with the infrastructure and tools to be able to cost effectively involve these many retail investors in their mission.

MicroPlace's revenues are directed toward sustaining its operations and delivering on its mission as a social enterprise. MicroPlace is proud to continue the tradition of people-to-people economic power and innovation that is an essential part of eBay and PayPal's culture.

Contact Information

Particulars	Details
Only phones and email	MicroPlace Ph: +1 866 478 3229 questions@microplace.com
Website	https://www.microplace.com/

Rsp.2.8.8 - MicroVest Capital Management

MicroVest Capital Management, LLC is a private, for-profit investment adviser dedicated to reducing global poverty by applying a commercial framework to investing as a global microfinance intermediary that provides financial capital to established microfinance institutions (MFIs) in emerging markets. MicroVest's goal is to link capital markets to the entrepreneurial poor.

MicroVest seeks sustainable solutions to poverty by facilitating the flow of international private capital to low-income financial institutions. It believes that a commercial approach offers the most effective, scalable, and sustainable solution for generating a positive impact in the developing world while achieving market financial returns to our investors.

MicroVest manages a family of funds that make debt and equity investments in promising, existing microfinance and other low income financial institutions across broad geographic areas.

MicroVest is jointly owned by four nonprofit institutions and key team members. MicroVest's nonprofit owners, CARE, MEDA, Cordes Foundation and Seed Capital Development Fund, bring over 50 years of experience in international small business development and investing. Partners include Calvert Foundation, Oiko Credit, CitiGroup, Deutsche Bank, FINCA International and Triodos Bank among others. The Council of Microfinance Equity Funds (CMEF) is the first membership organization bringing together leading private entities that make equity investments in MFIs.

Contact Information

Particulars	Details
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Website	***http://www.microvestfund.com/***

Rsp.2.8.9 - Norfund

Norfund – the Norwegian Investment Fund for Developing Countries – invests in the establishment and development of profitable and sustainable enterprises in developing countries. Norfund is owned by the Norwegian Government and serves as a key instrument in Norwegian development policy. The *Storting* (Norwegian parliament) allocates annual capital grants to Norfund in its development assistance budget.

By contributing to the development of local businesses, jobs and economic growth, Norfund aims at reducing poverty. Norfund invests in profitable and sustainable enterprises in poor countries to promote business development and contribute to economic growth and poverty alleviation.

Norfund always invests with partners, Norwegian or foreign, focusing on renewable energy, agribusiness and financial institutions. The main areas of investment are in Eastern and Southern Africa with regional offices located in Johannesburg, Nairobi and Maputo. Additionally, Norfund invest in selected countries in South and Southeast Asia and Central America with regional offices in San José and Bangkok. At year-end 2012, Norfund had a portfolio of about USD 1.4 billion (NOK 8.3 billion) and around 50 employees.

Norfund operates in the market space between traditional development aid at one extreme and strictly commercial market actors at the other. Norfund is not traditional aid - the funds are not given away, but invested in, or lent to, commercial enterprises.

However, Norfund is not a strictly commercial investor either - Norfund accepts high risks and low returns, and invests in countries and sectors that are very challenging, but important for development.

Contact Information

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Website	***http://www.norfund.no/***

Rsp.2.8.10 - Oikocredit

The idea of Oikocredit started at a 1968 meeting of the World Council of Churches with young politically engaged church members, from a variety of denominations, calling for an ethical investment channel that supports peace and universal brotherhood.

In 1968, the concept of Oikocredit was both innovative and controversial. With major world unrest over issues including South Africa's Apartheid and the Vietnam War, church members wanted assurance that church investments were promoting peace and positive development.

To support this, the Oikocredit Ecumenical Development Cooperative Society (EDCS) was founded in 1975. Now churches and church-related organizations had their own alternative investment channel. From the start Oikocredit’s goal has been to promote social justice by providing credit to productive enterprises run by disadvantaged people.

The growing sector attracts stakeholders with varying motivations. Reports of abusive collection practices in microfinance institutions and over-indebtedness of clients highlight the importance of selecting the right partners, particularly in the Indian state of Andhra Pradesh.

Oikocredit, as a worldwide, cooperative society, promotes global justice by challenging people, churches and others to share their resources through socially responsible investments and by empowering disadvantaged people with credit. Oikocredit operates throughout India through Manaveeya Development & Finance Private Limited, a 30 year old global Development Financing Institution that responds to the needs of businesses that create jobs and income for disadvantaged people.

As an Indian subsidiary of Oikocredit, Manaveeya works towards sustainable development by providing capital to business undertakings that create jobs and income for underprivileged people. This work can only continue when every borrower faithfully repays the loan amount received, with interest. These repayments are used again to help other poor groups in India.

Over time, our partners have proven the viability of Oikocredit. Their remarkable repayment rate and social impacts remains our greatest asset.

Such challenges highlight Oikocredit's mission: to ensure the poor can gain access to safe, financial instruments to build a better life. Oikocredit works closely with the sector to ensure investors cooperate to reinforce the priority of social change.

Contact Information

Particulars	Details
Office	Oikocredit International **Postal Address:** P.O. Box 2136, 3800 CC Amersfoort, The Netherlands **Visiting Address:** Berkenweg 7, 3818 LA Amersfoort, The Netherlands Ph: +31 33 422 40 40 Fax: +31 33 465 03 36
Website	***http://www.oikocredit.coop/***

Rsp.2.8.11 - Omidyar Network

Omidyar Network is a philanthropic investment firm dedicated to harnessing the power of markets to create opportunity for people to improve their lives. Omidyar Network invests in and helps scale innovative organizations to catalyze economic and social change.

Inspired by his experience at eBay, which he founded in 1995 founder Pierre Omidyar and wife Pam established Omidyar Network based on their conviction that every person has the power and potential to make a difference. The Network's work enables people to discover that power, improve their own lives, and make lasting contributions to their communities.

Starting from the premise that people are basically good, Pierre created a platform that gave everyone equal access to information, opportunity, and the tools to pursue their goals. eBay allowed people to connect with others over shared interests and provided them incentives, like public feedback, to engage constructively with trading partners, thereby owning their marketplace reputation and ultimate success.

Those principles of access, connection, and ownership influenced the Omidyars' approach to philanthropy. They broadened their scope to form Omidyar Network, which makes investments in for-profit companies as well as grants to nonprofit organizations, with social impact being the unifying criterion for investment.

The cornerstones of Omidyar Network's investment focus are economic advancement and individual participation, which we pursue through five initiatives: Consumer Internet & Mobile, Entrepreneurship, Financial Inclusion, Government Transparency, and Property Rights.

Contact Information

Particulars	Details
Office	Omidyar Network Silicon Valley 1991 Broadway Street, Suite 200 Redwood City, California 94063, USA Ph: +1 650 482 2500 Fax: +1 650 482 2525 ***info@omidyar.com***
Website	***http://www.omidyar.com/***

Rsp.2.8.12 - Swedfund

Swedfund, founded in 1979, provides risk capital, expertise and financial support for investments in the emerging markets of Africa, Asia, Latin America and Eastern Europe.

Swedfund, which is wholly owned by the Swedish government, reports to the Swedish Ministry for Foreign Affairs Department for Management and Methods in Development Collaboration (MFA-USTYR). Swedfund is defined as a bilateral Development Finance

Institution (DFI) and belongs to the European Development Finance Institutions (EDFI) network

Swedfund's vision is to establish long-term, sustainable, profitable businesses with good working environments and corporate cultures. Only well-functioning businesses and industries can ensure economic growth, create jobs and satisfy the demand for goods and services. This nurtures stability and prosperity while combating poverty.

Swedfund's mission is to help in enabling poor people to improve their lives and to bring about strengthened democracy, equitable and sustainable development.

Swedfund continually evaluates its investments from an ethical point of view. In ongoing dialogue with partners and other interested parties, stressing the importance of cohesive corporate cultures, social responsibility, human rights and supportive workplaces.

Contact Information

Particulars	Details
Office	Swedfund International AB Sveavägen 24-26, P.O. Box 3286 SE-103 65 Stockholm, Sweden Ph: +46 8 725 94 00 Fax: +46 8 20 30 93
Website	***http://www.swedfund.se/en/***

Rsp.2.8.13 - Unitus Equity Fund (UEF)

Unitus Equity Fund (UEF) is a Microfinance Venture Fund and is setup as a Cayman Islands limited partnership with all of its capital provided by private investors.

UEF is managed by Unitus Investment Management and is administered by Elevar Equity.

UEF focuses on investing in early stage high-potential microfinance companies with the goal of significantly expanding access to quality microfinance products for micro-entrepreneurs in underserved markets.

The Company has a strong track record in delivering capital markets expertise to Asian social businesses, particularly Indian MFIs

Contact Information

Particulars	Details
Office	Unitus Equity Fund 220 2nd Ave South, Suite 201 Seattle, WA 98104, USA Ph: +1 206 926 3700 Fax: +1 888 415 3030
Website	***http://unitus.com/***

Rsp.2.9 – Funds, Foundations and Aid Agencies

Rsp.2.9.1 - Americans for Community Co-operation in Other Nations (ACCION)

Americans for Community Co-operation in Other Nations (ACCION) was founded in 1961 to empower the poor with the knowledge and tools to improve their lives. Begun as a grassroots community development initiative in 22 shantytowns in Venezuela, Accion, today, is one of the premier microfinance organizations in the world, with a network of lending partners that spans Latin America, Africa, Asia and the United States. Though Accion's approach has changed over the years, the driving force behind our mission remains the same.

Accion still aims to serve hardworking men and women left behind by the world's economic systems. It is their courage and ingenuity, and the tremendous power of their dreams that continues to inspire Accion in the search for full financial inclusion.

Accion's goal is to build microfinance institutions that are committed to generating both social and financial value. Accion seeks partner institutions that demonstrate the potential to be the industry's future leaders in financial inclusion. This includes both institutions with a focus on low-income households and other retail organizations and technologies that provide financial products and services to this same market segment in various ways.

Contact Information

Particulars	Details
Office	ACCION 56 Roland Street, Suite 300, Boston, MA 02129 USA Ph: +1 617 625 7080 / or +1 800 931 9951 Fax: +1 617 625 7020
Website	***http://www.accion.org/***

Rsp.2.9.2 - Bill & Melinda Gates Foundation

Bill & Melinda Gates Foundation believes that every life has equal value and is at the core of its work at the foundation. The Foundation works with partner organisations worldwide to tackle critical problems in four programme areas.

- *Global Development Division* - Helping the world's poorest people lift themselves out of hunger and poverty
- *Global Health Division* – aiming to harness advances in science and technology to save lives in developing countries
- *United States Division* – Working to improve U.S. high school and post-secondary education and support vulnerable children and families in Washington State
- *Global Policy and Advocacy Division* – Seeking to build strategic relationships and promote policies that will help advance the foundation's work

The foundation's approach to grant-making in all four areas emphasises collaboration, innovation, risk-taking and most importantly results.

Contact Information

Particulars	Details
Office	Bill & Melinda Gates Foundation 500 Fifth Avenue North Seattle WA 98102, USA Ph: +1 206 709 3100 ***info@gatesfoundation.org***
Website	***http://www.gatesfoundation.org/***

Rsp.2.9.3 - Citi Foundation

The Citi Foundation supports the economic empowerment and financial inclusion of low- to moderate-income people in communities where Citi operates. Citi Foundation works collaboratively with a range of partners to design and test financial inclusion innovations with potential to achieve scale and support leadership and knowledge building activities. Through a "More than Philanthropy" approach, Citi Foundation puts the strength of Citi's business resources and people to work to enhance the philanthropic investments and help improve communities.

Citi Foundation utilizes a 'results-oriented measurement framework' that informs the way the foundation assesses the impact of the programs that are funded. Every grant is carefully tracked to identify ways to ensure success and understand what works and why. This framework helps the foundation define more clearly the results that are sought in each of the core focus areas, which include:

- *Financial Capability and Asset Building* – Increases in the number of low- to moderate-income adults and/or youth who adopt positive financial behaviors and accumulate and preserve financial assets

- *Microfinance* – Increases in the supply and use of financial products, supplied by microfinance institutions, that improve and accelerate the financial inclusion of low- to moderate-income individuals

- *Enterprise Development* – Increases in the number of micro or small enterprises that provide new income generation and/or employment opportunities for low- to moderate-income individuals

- *College Success (in the U.S.)* – Increases in the number of low- to moderate-income secondary school students who are meeting the academic, financial and social milestones to enroll in and complete postsecondary education

- *Youth Education and Livelihoods (outside the U.S.)* – Increases in the number of low-income youth, ages 13-25, who complete secondary school, become employed, start their own income-generating business or obtain postsecondary education or training

- *Neighborhood Revitalization (in the U.S.)* – Increases in the number of small businesses, affordable housing units or community facilities that contribute to the economic and/or environmental sustainability of low- to moderate-income communities

- *Disaster Response* – Supporting preparedness, immediate response, and rebuilding efforts, that all contribute to the long-term economic recovery of communities

Contact Information

Particulars	Details
Office	Citi Center 5th Floor, C-61, Bandra Kurla Complex, Bandra (E) Mumbai 400 051, Maharashtra, India Ph: +91 22 4001 5757
Website	***http://www.citigroup.com/citi/foundation/***

Rsp.2.9.4 - Consultative Group to Assist the Poor (CGAP)

The Consultative Group to Assist the Poor works toward a world in which everyone has access to the financial services they need to improve their lives.

CGAP develops innovative solutions for financial inclusion through practical research and active engagement with financial service providers, policy makers, and funders. Established in 1995 and housed at the World Bank, CGAP combines a pragmatic approach to market development with an evidence-based advocacy platform to advance poor people's access to finance.

CGAP's global network of members includes over 30 development agencies, private foundations, and national governments that share a common vision of improving the lives of poor people with better access to finance.

Contact Information

Particulars	Details
Office	CGAP 900 19th Street, N.W Suite 300 Washington D.C. 20006, USA
Website	http://www.cgap.org/

Rsp.2.9.5 - Cooperative for Assistance and Relief Everywhere (CARE)

CARE is a leading humanitarian organisation fighting global poverty. Drawing strength from its global diversity, resources and decades of experience, CARE promotes innovative solutions and are advocates for global responsibility. CARE's mission is to serve individuals and families in the poorest communities in the world.

CARE places special focus on working alongside poor women because, equipped with the proper resources, women have the power to help whole families and entire communities escape poverty. Women are at the heart of CARE's community-based efforts to improve basic education, end gender-based violence, provide healthcare and nutrition, increase access to clean water and sanitation, expand economic opportunity and protect natural resources.

We facilitate lasting change by;

- Strengthening capacity for self-help
- Providing economic opportunity
- Delivering relief in emergencies
- Influencing policy decisions at all levels
- Addressing discrimination in all its forms

CARE will be a global force and a partner of choice within a worldwide movement dedicated to ending poverty. CARE will be known everywhere for its unshakable commitment to the dignity of people. Guided by the aspirations of local communities, CARE pursues its mission with both excellence and compassion because the people whom CARE serves deserve nothing less.

CARE also delivers emergency aid to survivors of war and natural disasters and helps people rebuild their lives.

CARE seeks a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security.

Contact Information

Particulars	Details
Office	CARE India (HQ) 900 19th Street, E-46/12, Okhla Industrial Area – Phase II New Delhi 110020, India Ph: +91 11 4910 1100 / 1101 Fax: +91 11 2638 5291 / 5292 ***info@careindia.org*** / ***contactus@careindia.org***
Website	***http://www.care.org/***

Rsp.2.9.6 - Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

The services delivered by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH draw on a wealth of regional and technical expertise and tried and tested management know-how. As a federal enterprise, GIZ supports the German Government in achieving its objectives in the field of international cooperation for sustainable development. GIZ are also engaged in international education work around the globe.

As an experienced service provider GIZ offers customised, demand-driven, sustainable, innovative, effective solutions to complex challenges.

GIZ operates in the fields of:

- climate change mitigation
- economic development and employment promotion
- environmental protection
- food security
- governance and democracy
- health and basic education
- peace building and civil conflict transformation
- reconstruction
- resource conservation and
- security

GIZ also supports their partners with management and logistical services, and act as an intermediary, balancing diverse interests in sensitive contexts. In crises, we carry out refugee and emergency aid programmes.

Contact Information

Particulars	Details
Office	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH Friedrich-Ebert-Allee 40 53113 Bonn Ph: +49 228 44 60-0 Fax: +49 228 4460-17 66 ***info@giz.de***
Website	***http://www.giz.de/en/***

Rsp.2.9.7 - Ford Foundation

The Ford Foundation was established on Jan. 15, 1936, with an initial gift of $25,000 from Edsel Ford, whose father Henry, founded the Ford Motor Company. Since the founding charter stated that resources should be used “for scientific, educational and charitable purposes, all for the public welfare,” the foundation made grants to many kinds of organizations. After the deaths of Edsel Ford in 1943 and Henry Ford in 1947, the foundation’s board of trustees led by Henry Ford II, Edsel’s son, commissioned studies to chart the institution’s future.

The seven-member Study Committee recommended that the foundation become a national and international philanthropy dedicated to the advancement of human welfare. Perhaps most significant, the panel urged the foundation to focus on solving humankind's most pressing problems, whatever they might be, rather than work in any particular field, which, at the time, was the traditional and accepted approach taken by foundations.

After thorough review and discussion, the board embraced the report in 1949. A summary published and distributed to the public in 1950 recommended support for activities worldwide that:

- Promise significant contributions to world peace and the establishment of a world order of law and justice
- Secure greater allegiance to the basic principles of freedom and democracy in the solution of the insistent problems of an ever-changing society
- Advance the economic well-being of people everywhere and improve economic institutions for the better realization of democratic goals
- Strengthen, expand and improve educational facilities and methods to enable individuals to realize more fully their intellectual, civic and spiritual potential; to promote greater equality of educational opportunity; and to conserve and increase knowledge and enrich our culture
- Increase knowledge of factors that influence or determine human conduct, and extend such knowledge for the maximum benefit of individuals and society

In 1953, under the direction of Henry Ford II, the trustees took a further step to fulfill the foundation's new national and global mission by deciding to base the foundation in New York.

Today, the Ford Foundation remains committed to advancing human welfare. Headquartered in New York City, making grants in all 50 states and, through 10 regional offices around the world, support programs in more than 50 countries.

Over the years, the trustees have been drawn from the United States, Latin America, Africa and Asia and have brought experience in business, government, higher education, law, nonprofit management and the civic sector with a diversity of approaches and continuity of purpose.

Reflecting the charter, the Foundation’s programs continue to serve the public welfare by strengthening democratic values, reducing poverty and injustice, promoting international cooperation and advancing human achievement.

Contact Information

Particulars	Details
Office	*Ford Foundation* 320 East 43rd Street New York, N.Y. 10017, USA Ph: +1 212 573 5000 Fax: +1 212 351 3677 Follow@FordFoundation
Website	***http://www.fordfoundation.org/***

Rsp.2.9.8 - International Fund for Agriculture Development (IFAD)

International Fund for Agricultural Development (IFAD), a specialized agency of the United Nations, was established as an international financial institution in 1977 as one of the major outcomes of the 1974 World Food Conference.

IFAD is dedicated to eradicating rural poverty in developing countries. Seventy-five per cent of the world's poorest people - 1.4 billion women, children and men - live in rural areas and depend on agriculture and related activities for their livelihoods.

IFAD will ensure that poor rural people have better access to, and the skills and organization they need to take advantage of:

- Natural resources, especially secure access to land and water, and improved natural resource management and conservation practices
- Improved agricultural technologies and effective production services
- A broad range of financial services
- Transparent and competitive markets for agricultural inputs and produce
- Opportunities for rural off-farm employment and enterprise development
- Local and national policy and programming processes

All of IFAD's decisions - on regional, country and thematic strategies, poverty reduction strategies, policy dialogue and development partners - are made with these principles and objectives in mind. As reflected in the Strategic Framework, IFAD is committed to achieving the Millennium Development Goals, in particular the target of halving the proportion of hungry and extremely poor people by 2015.

Contact Information

Particulars	Details
Office	International Fund for Agricultural Development (IFAD) Via Paolo di Dono, 44 00142 Rome, Italy Ph: +39-0654591 Fax: +39-065043463 *ifad@ifad.org*
Website	*http://www.ifad.org/*

Rsp.2.9.9- Kreditanstalt Für Wiederaufbau (German Development Bank) KFW

Entwicklungs bank and DEG both promote sustainable progress in developing and transition countries. KfW Entwicklungs bank promotes the partner countries' projects and programmes, while DEG supports the private sector as a driver of development.

KfW is an asset owner signatory to the Principles for Responsible Investment (PRI), committed not only to promoting sustainability through its original lending business but also to taking responsibility as an institutional investor in the capital market.

Contact Information

Particulars	Details
Office	KFW Group Palmengarten Straße 5-9 60325 Frankfurt am Main, Germany Phone +49 69 7431-0 Fax +49 69 7431-29 44 *info@kfw.de*
Website	*https://www.kfw.de/kfw.de-2.html*

Rsp.2.9.10 - Michael and Susan Dell Foundation

Inspired by their passion for children and by a shared desire to improve the lives of children living in urban poverty, Michael and Susan Dell established their Austin, Texas-based foundation in 1999.

In its early years, the Michael & Susan Dell Foundation focused its efforts on improving education and children’s health in Central Texas. But within a few short years, its reach expanded, first nationally and then globally. To date, the Michael & Susan Dell

Foundation has committed more than $850 million to assist nonprofit organizations working in major urban communities in the United States, South Africa and India.

It focuses on opportunities with the greatest potential to directly and measurably transform the lifelong outcomes of impoverished urban children around the globe. If you want to apply for funding, please go to Grants page of Website.

Contact Information

Particulars	Details
Office	Michael & Susan Dell Foundation PO Box 163867 Austin, TX 78716 Fax: +1 (512) 600-5501 ***info@msdf.org***
Website	***http://www.msdf.org/***

Rsp.2.9.11 - Microfinance Gateway

The Microfinance Gateway is an online resource for the global community dedicated to advancing access to financial services for the poor.

The Gateway features a comprehensive library of research and publications, original articles and resource centers on trends and important industry developments, and the latest announcements, news, events, trainings, and job opportunities related to microfinance and broader financial inclusion topics. The Microfinance Gateway provides an interactive platform for people to learn, share ideas, and engage with others working to advance financial inclusion. The Gateway is guided by four principles:

- *Community-driven:* Content and site priorities are set by our users. We regularly solicit feedback in the form of user surveys and we invite content submissions from our users.
- *Diverse:* We cover an array of issues and topics, representing a wide range of perspectives, sources, and authors.
- *Relevant:* We help our users keep up with industry trends by highlighting important issues in feature articles and resource centers, providing a forum for industry news and announcements, and maintaining a library with the latest research and publications.
- *Engaging:* We encourage dialogue among the community and invite users to interact with one another through posting comments and reviews throughout the site.

Contact Information

Particulars	Details
Office	CGAP / The Microfinance Gateway 1818 H Street, NW, MSN P3-300 Washington, DC 20433, USA Ph: +1 202 473 2986 **webmaster@microfinancegateway.org**
Website	**http://www.microfinancegateway.org/**

Rsp.2.9.12 - Microfinance Information Exchange (MIX)

MIX is the premier source for objective, qualified and relevant microfinance performance data and analysis. Committed to strengthening financial inclusion and the microfinance sector by promoting transparency, MIX provides performance information on microfinance institutions (MFIs), funders, networks and service providers dedicated to serving the financial sector needs for low-income clients. MIX fulfills its mission through a variety of platforms.

MIX Market provides instant access to financial and social performance information covering approximately 2,000 MFIs around the world. Their publications, MicroBanking Bulletin and MIX Microfinance World, feature thorough and timely analysis based on qualified data and research. Incorporated in 2002, MIX is a non-profit organization headquartered in Washington, DC with regional offices in Azerbaijan, India, Senegal, and Peru.

MIX Market's efforts are strengthened through their collaboration with global partners like Bill & Melinda Gates Foundation, Citi Foundation, CGAP, IFAD, Michael & Susan Dell Foundation, Omidyar Network and The MasterCard Foundation.

Contact Information

Particulars	Details
Office	The MIX Market 1901 Pennsylvania Avenue NW, #307 Washington, DC 20006, USA Ph: +1 202 659 9094 Fax: +1 202 659 9095 **info@themix.org**
Website	**http://www.mixmarket.org/**

Rsp.2.9.13 – Skoch Development Foundation

Established in 2008, Skoch Development Foundation is an autonomous, policy oriented, not for profit policy think tank. The Foundation has been established as a "Not for Profit" Company under Section 25 of the Companies Act, 1956. It does not undertake any commercial activity. It is recognized by the Government of India as a "Charitable Organization" under Section 12AA of the Income Tax Act, 1961.

The Foundation ensures transparency, accountability and adherence to corporate governance norms**.** Its main focus is empowering the marginalized and making inclusive development a reality by undertaking various research and grassroots intervention projects.

The Foundation lays emphasis on Social, Digital and Financial Inclusion; strengthening of delivery systems and ensuring a transparent, participatory democracy for bringing about a systemic change, through key initiatives such as;

- Public Policy Dialogue
- Research Studies
- Field Interventions
- Conclaves & Workshops
- Capacity Building
- Books & Publications

Contact Information

Particulars	Details
Office	Skoch Development Foundation SF-05, Sixth Floor, JMD Galleria, Sector 48, Sohna Road Gurgaon 122 003, Haryana, India Ph: +91 124 422 2760 / 61 / 62 Fax: +91 124 422 2768 ***info@skoch.in***
Website	***www.skoch.in***

Rsp.2.9.14 - Swedish International Development Cooperation Agency (SIDA)

The overall target of Sweden’s development assistance is to ensure that those in poverty have the ability to improve their living conditions. To carry out this assignment effectively and strategically, it encompasses all areas of society and can be described in five areas.

- Democracy, equality and human rights
- Economic development

- Knowledge, health and social development
- Sustainable development
- Peace and security

All of these areas are important in reducing world poverty and in creating fair and sustainable development.

SIDA is a government organization under the Swedish Foreign Ministry. SIDA administers approximately half of Sweden's budget for development aid. SIDA works according to the directives of the Swedish Parliament and Government to reduce poverty in the world. The overall goal of Swedish development cooperation is to contribute to making it possible for poor people to improve their living conditions.

SIDA’s efforts are concentrated on issues where Sweden has specialist knowledge and experience and where there is the greatest demand for Swedish support.

SIDA is also collaborating with many other players in Swedish society. Sweden’s development assistance is not the only area that should contribute towards fair and sustainable development in accordance with Sweden’s policy for global development. The policy takes the perspective of the poor with the conviction that they can take themselves out of poverty given the right conditions.

Contact Information

Particulars	Details
Office	Swedish International Development Cooperation Agency (SIDA) Valhallavägen 199 105 25 Stockholm, SWEDEN Ph: +46 8 698 50 00 Fax: + 46 8 20 88 64 sida@sida.se
Website	http://www.sida.se/english/

Rsp.2.9.15 - Swiss Agency for Development and Cooperation (SDC)

The Swiss Agency for Development and Cooperation (SDC) is Switzerland’s international cooperation agency within the Federal Department of Foreign Affairs (FDFA). In operating with other federal offices concerned, SDC is responsible for the overall coordination of development activities and cooperation with Eastern Europe, as well as for the humanitarian aid delivered by the Swiss Confederation.

The goal of development cooperation is that of reducing poverty. It is meant to foster economic self-reliance and state autonomy, to contribute to the improvement of production conditions, to help in finding solutions to environmental problems, and to provide better access to education and basic healthcare services.

As the Swiss Government's centre of competence for international cooperation, SDC is responsible for development cooperation with the South and East, multilateral cooperation as well as for Switzerland's humanitarian aid.

The SDC's bilateral development cooperation activities aim to lay the material and human foundations to enable its priority countries to carry out sustainable development processes on their own. These activities are thus considered to be of a long-term, subsidiary nature. In addition to its traditional project work, the SDC is increasingly devoting its efforts to country programs fostering favorable general conditions (e.g. in the judicial system, in government leadership and democracy, human rights, peace, security).

Contact Information

Particulars	Details
Office	Swiss Agency for Development and Cooperation (SDC) Freiburgstrasse 130, 3003 Berne, Switzerland Ph: +41 31 322 34 75 Fax: +41 31 324 16 91 ***info@deza.admin.ch***
Website	***http://www.sdc.admin.ch/***

Rsp.2.9.16 - The Master Card Foundation

The MasterCard Foundation is an independent, global organization based in Toronto, Canada, with more than $8 billion in assets. Through collaboration with partner organizations in 46 countries, it is creating opportunities for all people to learn and prosper. The Foundation’s programs promote financial inclusion and advance youth learning, mostly in Africa. Established in 2006 through the generosity of MasterCard Worldwide when it became a public company, the Foundation is a separate and independent entity. The policies, operations, and funding decisions of the Foundation are determined by its own Board of Directors and President and CEO.

Contact Information

Particulars	Details
Office	The MasterCard Foundation 2 St. Clair Avenue East, Suite 301 Toronto, Ontario, Canada M4T 2T5 ***info@mastercardfdn.org***
Website	***http://www.mastercardfdn.org/***

Rsp.2.9.17 - U.S. Agency for International Development (USAID)

The United States has a long history of extending a helping hand to people overseas struggling to make a better life. It is a history that both reflects the American people's compassion and support of human dignity as well as advances U.S. foreign policy interests.

U.S. foreign assistance has always had the twofold purpose of furthering America's interests while improving lives in the developing world. USAID carries out U.S. foreign policy by promoting broad-scale human progress at the same time it expands stable, free societies, creates markets and trade partners for the United States, and fosters good will abroad.

Spending less than 1 percent of the total federal budget, USAID works in over 100 countries to:

- Promote broadly shared *economic prosperity*
- Strengthen *democracy and good governance*
- Protect *human rights*
- Improve *global health*
- Advance *food security and agriculture*
- Improve *environmental sustainability*
- Further *education*
- Help societies *prevent and recover from conflicts* and
- Provide *humanitarian assistance* in the wake of natural and man-made disasters.

Contact Information

Particulars	Details
Only Phones	U.S. Agency for International Development (USAID) Ph: +1 202 712 0000 (Agency's Main Telephone) Ph: +1 202 712 4810 (General Inquiries) Fax: +1 202 216 3524
Website	***http://www.usaid.gov/***

ANNEXURE II

DEFINITIONS AND UNDERSTANDING OF VARIOUS LEAGAL ENTITIES

Rsp.2.10 – Not For Profit Institutions

The not for profit institutions can be classified into three categories, depending on the act in which they are registered. Salient features of these three categories are:

1) Non-Government Organizations or Voluntary Organizations or Civil Society Organizations registered under the Societies Registration Act, 1860.

- Societies can be formed for the promotion of literature, science or the fine arts or the diffusion of useful knowledge / political education or for charitable purposes.
- Various state government s have amended the "purposes" from time to time.
- Charitable activities continue to form the core of the stated purpose of the act.
- It is a pre-requisite for a society to mention in its Memorandum of Association that it would take up Microfinance as one of its objective / activity.
- Minimum of seven subscribers needed to form a society and get registration.
- Societies need to apply to the concerned IT officer for Income Tax exemption under Section 10, 11, 12, 12A, 12AA and 13 and comply with the terms and conditions as laid out under those sections.
- In the event of refusal of Income Tax exemption, societies need to pay tax on their income, as per the terms laid down in the Income Tax act, as amended from time to time. These tax-paying societies can also make investments in the for-profit ventures or bodies, based on their risk appetite.
- Societies also need to get themselves registered with the Ministry of Home Affairs under the Foreign Contribution (Regulation) Act 1976 (FCRA).
- No Capitalization and capital adequacy requirement as it can neither mobilize equity capital nor does it have access to capital markets.

2) Public Charitable Trusts registered under the Indian Trusts Act, 1882

- Trusts are similar to the societies except that trusts have four essential constituents. They are:
    - o Having three parties – the author, trustees and beneficiary
    - o Declaration of a trust
    - o Certainty of the subject matter of a trust and
    - o Certainty of objects of the trust
- Trust may be declared by a non-testamentary instrument called a Trust deed and the registration of the Trust deed makes it a valid official document.
- Public charitable trusts need to apply with concerned Income Tax Officer to get income tax exemptions.
- Trusts also need to need to get themselves registered with the Ministry of Home Affairs under the Foreign Contribution (Regulation) Act 1976 (FCRA).
- No Capitalization and capital adequacy requirement as it can neither mobilize equity capital nor does it have access to capital markets.

3) Companies registered under Section 25 of the Companies Act, 1956.

- If an organization is given a license Under section 25 of the Companies Act, 1956, it means that the organization is allowed to be registered as a company with limited liability without the addition of the words "Limited" or "Private Limited".

- Objects of the company are restricted to the promotion of commerce, science, art, religion, charity or any other useful purpose.
- Constitution of the company provides for the application of funds or other income in promoting the above objects.
- Further, it prohibits payment of any dividend to its members.
- Section 25 companies enjoy certain privileges and exemptions. They enjoy all the privileges of a limited company and is subject to all the obligations related to a limited company except the exemptions which are primarily related to provisions for the appointment of directors, publication of name and address of the company, holding of annual general meetings, quorum of the board meeting, disclosure of interests by directors, disclosure of annual returns for income tax and appointment of the company secretary.
- As per the notification issued by RBI in January 2000, Section 45IA and IC of the RBI Act will not apply to Section 25 companies which mean that these companies can provide micro credit services without the permission of or registration with the RBI subject to the overall ceilings applicable to micro lending.
- Section 25 companies need to apply with concerned Income Tax Officer to get income tax exemptions.
- They also need to need to get themselves registered with the Ministry of Home Affairs under the Foreign Contribution (Regulation) Act 1976 (FCRA).

Rsp.2.11 – People's Organisations / Mutual Benefit Organisations

Rsp.2.11.1 - Cooperatives:

Cooperatives are registered under the Cooperative Societies Act of the respective governments. Cooperatives having a multi-state presence are registered under the Multi-State Cooperative Societies Act, 2002. In order to banking services, cooperatives need to get their registration from the RBI.

The banking regulation act requires that no cooperative society other than a cooperative bank can use the words "bank", "banker" or "banking" in its name and no cooperative society can carry on the business of banking in India unless it uses as part of its name, at least one such word. Under the banking regulations act only the State Cooperative Banks (SCBs), District Central Cooperative Banks (DCCBs) and Primary Cooperative Banks (Urban Cooperative Banks – UCBs) are recognized as cooperative banks.

While the SCBs and DCCBs form part of the three-tier rural cooperative credit structure promoted by the state governments and NABARD, Primary Cooperative Banks form the relevant category of cooperative banks suitable for microfinance institutions. Banking, as per the Banking Regulation Act, means accepting, for the purpose of lending or investments of deposits of money from the public repayable on demand or otherwise, and withdrawal by cheque, draft, order or otherwise. It also defines primary cooperative banks as "a primary credit society other than a primary agricultural credit society the primary objective of or principal business of which is the transaction of banking business; the paid up capital and reserves of which are not less than one lakh rupees and the bye-laws of which do not permit admission of any other cooperative society as a member. Primary cooperative banks should have at least 3000 members, a minimum capital of Rs.1 lakh, to be eligible for a license.

Rsp.2.11.2 - SHG Federations:

Some of the state governments have brought amendments in their cooperative societies acts making the functioning of the cooperatives more autonomous and free from government interference. Andhra Pradesh was the first state to pass such act which has functioned as a model for other states namely Orissa, Bihar, Madhya Pradesh and Karnataka, which have brought fresh legislations to effect changes in their respective state cooperative societies acts. Except the Orissa Act, all the other states do not allow SHGs as members. Rather only individual members of the group can be the members of the cooperative.

Rsp.2.11.3 – Producer Companies:

The concept of Producer Companies was introduced in 2002 by incorporating a new Part IXA (section 581A to 581ZT) into the Companies Act,1956(“the Act”)

A producer company is a corporate body registered as Producer Company under Companies Act, 1956 and shall carry on or relate to any of following activities classified broadly:-

(a) production, harvesting, processing, procurement, grading, pooling, handling, marketing, selling, export of *primary produce of the Members or import of goods or services for their benefit :

(b) rendering technical services, consultancy services, training, education, research and development and all other activities for the promotion of the interests of its Members;

(c) generation, transmission and distribution of power, revitalization of land and water resources, their use, conservation and communications relatable to primary produce;

(d) promoting mutual assistance, welfare measures, financial services, insurance of producers or their primary produce;

*Primary produce has been defined as a produce of farmers arising from agriculture including animal husbandry, horticulture, floriculture, pisciculture, viticulture, forestry, forest products, re-vegetation, bee raising and farming plantation products: produce of persons engaged in hand-loom, handicraft and other cottage industries: by - products of such products; and products arising out of ancillary industries

Any of the following combination of producers can incorporate a producer company:

• ten or more producers (individuals); or

• two or more producer institutions; or

• combination of the above two (10+2).

Registration

(a) In a Producer Company, only persons engaged in an activity connected with, or related to, primary produce can participate in the ownership. The members have necessarily to be primary producers.

(b) These companies shall be termed as “Companies with Limited Liability” and the liability of the members will be limited to the amount, if any, unpaid on the shares.

(c) The name of the company shall end with the words "Producer Company Limited"

(d) On registration, the producer company shall become as if it is a private limited company for the purpose of application of law and administration of the company (however it shall comply with the specific provisions of part IXA).

(e) The maximum number of 50 members is not applicable to these companies.

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Poverty

Microfinance Community, Solution Exchange

Microfinance Community of Practice was launched in October 2006. The community is facilitated by United Nations Development Programme (UNDP) and having around 4000 members from banks, donor agencies, and community based organizations, civil society institutions, microfinance Institutions (MFIs), Associations and networks of Microfinance.

Vision of Microfinance Community

Microfinance community works as a powerful instrument of knowledge sharing to develop individual and organizational capacities and strengthen policy environment to reduce poverty through microfinance initiatives and innovations leading to enhance financial inclusion.

Focus of Microfinance Community:

- Strategies for building an inclusive and equitable financial sector
- Financial Sustainability versus outreach – balancing commercial sustainability with availability of microfinance services to the poor
- Creating an enabling environment for promoting an inclusive financial sector
- Delivery mechanisms- different approaches and models of delivering financial services , and their advantages and limitations
- Product innovations and diversification of financial services
- Microfinance and Sustainable livelihoods
- Microfinance and crisis management – to smooth out income fluctuations during crisis
- Measuring impact – developing appropriate methodology an indicators

For further information about the Microfinance Community

Visit: http://www.solutionexchange-un.net.in and click on the Microfinance Community link or Contact

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Many thanks to the members of Microfinance Community, Solution Exchange for their Contributions

Solution Exchange India is a UN initiative for development practitioners in India. For more information please visit www.solutionexchange-un.net.in

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If you have further suggestions on any of the Sections in the Policy Practice Atlas, please send it to Solution Exchange for the Microfinance Community in India
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