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Lead Bank Manager
Canara Bank
SJSRY Scheme
M.G. Road
Bangalore 560001

Dear Sir,

Subject: Bankers' role in proper implementation of SJSRY Scheme

CIVIC is a non-profit organisation working since 19 years in Bangalore to improve urban governance. We work with urban poor communities to enable them to access their rights and based on our experience, we advocate at city and state level for policy changes and better service delivery. One of our initiatives has been to study the implementation of the SJSRY scheme in Bangalore in order to improve the livelihood options of the urban poor. We wish to present some of our findings with regard to the role of banks in the implementation of the scheme below:

1. Bank officials are not attending the monthly Community Development Society (CDS) meetings which they are required to do under the Centre's guidelines. This is resulting in lack of communication between the banks and the CDS and, in turn, with the Neighbourhood Committees and Neighbourhood Groups of urban poor women, the applicants.
2. Lack of communication from banks is resulting in the urban poor applicants approaching the banks individually any number of times to enquire about their loan applications.
3. During such individual interactions with bankers, they are often told that their loan applications have not been received, or its whereabouts are not known. They are sent from pillar to post to follow-up on their applications.
4. Women who have applied for loans do not receive any formal feedback from banks for months or even years about the completeness or acceptability of their application, the status of the application, the reason for reducing the loan amount, if any; the reason for rejection of their application, if any. This leaves them in a state of confusion and makes them lose faith in the scheme.
5. Even if loans are sanctioned in the rare case, many bankers are asking for surety against the loans, in total violation of the Centre's guidelines on the scheme. It has to be realised that since the scheme is for bringing the urban poor, who are mostly asset-less, above the poverty line, asking them to provide assets as surety ensures that the benefits of the scheme go to those who already own assets, and not to the genuinely poor.
6. Many bankers, before sanctioning individual loans, ask the beneficiary to show them the shop and the rental agreement for the shop from where they intend to conduct the business, or proof of their conducting the business already. This again results in only those

who have already established businesses getting loans to further their business. But it is totally against the aims of the SJSRY scheme, which is to make fresh entrepreneurs of those who have no work and are willing to start enterprises of their own.

7. Women complain that in order to show a rental agreement for a shop, they need to pay at least ten months' advance for it. They cannot pay that advance unless the loan is given to them as they are women without ready cash. By insisting on prior proof of rental agreements, goods obtained, etc., again the genuinely poor wishing to start enterprises are being left out and only those who are already established are being helped.
8. Thrift and Credit Groups (TCG) of women wishing to take loans and start enterprises are also being made to face the same problems and being asked to provide surety, show evidence of having conducted business, etc. This again defeats the whole aim of providing group loans which is that the group of women will stand surety, through peer pressure, since they are poor women without assets and cannot provide any other form of surety.
9. Many women have stated that even when their savings are lying in the banks, the banks are refusing to provide loans to them against their own savings.
10. Often, even if loans are sanctioned, the subsidy amounts are not reaching the women; Rs. 20,000 meant as revolving fund to TCG groups is often not reaching them.
11. Poor women are often harassed by staff members who make them come several times even to update their pass-books; they ask them to wait for hours together while they attend to better-off clients, etc. This attitude of bank staff goes against an important purpose of nationalised banks which is to ensure financial inclusion of the unserved populations.
12. Often women do not hear about the fate of their applications for years together and are finally asked to apply all over again. These women will have spent substantial amounts to get the necessary caste/income certificates and other necessary documents together for applying for loans and they cannot afford to keep spending time, energy and money on obtaining these documents again and again.
13. Bankers are not advising/training the women on how to submit an acceptable proposal; what are the criteria that bankers adopt while approving/disapproving loan applications. Without this knowledge, it is resulting in a lot of wasted effort on the part of women, who can ill afford to waste their time, energy and money on such futile pursuits.
14. Long delays, indifference and apathy of bankers towards the scheme is resulting in unfortunate non-utilisation or poor utilisation of the money meant for the uplift of the poor above the poverty line. The irony is that, even as the money meant for them lies unutilised, the urban poor are being forced to take loans from usurious money-lenders at high interest rates, dragging them further below the poverty line.

As such, we wish to make the following recommendations for your kind consideration for better implementation of the SJSRY scheme, which has the potential to greatly alleviate urban poverty.

Our suggestions:

1. Bankers should compulsorily attend the monthly meetings of the CDSs of which they are a part.
2. They should advise women on how to submit acceptable proposals before collecting loan applications.
3. They should register all applications, provide proper acknowledgements with application number to loan applications received, provide timely feedback on the status of the loan applications and the reasons for acceptance/rejection of the applications to the women.
4. Under no circumstance should poor women be made to run individually to banks and from pillar to post seeking feedback, clarifications, etc., on their applications.

5. All transactions with bankers, receipt of applications, providing acknowledgements, feedback on status of applications and reasons for acceptance or rejection of applications should happen in a transparent manner during the monthly meetings of the CDS, in the presence of all stakeholders, including BBMP officials and NGOs, to establish accountability of the bankers to the CDSs and in turn, to the poor women.
6. The Monthly Programme Implementation Calendar (MPIC) of the bank (as required to be prepared by all departments as per Central government directives) showing activities along with physical and financial targets to be achieved in every month with regard to the SJSRY Scheme should be prepared by the bankers and provided to the CDS.
7. Written responses should be sent to the applicants seeking modifications/clarifications, etc., if necessary, to the applications, in order to make them acceptable proposals. Written replies with proper justification for approval/rejection should be sent within time-frames.
8. All loan applications should be processed as per the MPIC within a fixed time-frame of maximum three months. Release of loan amounts, revolving funds and subsidies should also happen within definite time-frames as per MPIC.
9. In any case, the whole cycle of issuing loans and subsidies should be completed within a single financial year. The same women should not be made to submit fresh applications year after year for lack of proper response from the banks.
10. Surety should not be demanded under any circumstances violating the Centre's guidelines. Peer pressure of the group for re-payment of the loan should be the only surety.
11. A portion of the loan amount should be allowed to be used for paying advance rent for shop, etc., that the women intend to open.
12. Prior experience or evidence of having conducted business should not be demanded as the purpose of the scheme is to make fresh entrepreneurs out of the unemployed.

It is hoped that bankers will put in greater effort to fulfil the goal of financial inclusion of the urban poor through the SJSRY Scheme and help to free them from the clutches of money-lenders and bring them above the poverty line. Hoping you will give favourable consideration to our suggestions.

Yours sincerely,

Kathyayini Chamaraj
Executive Trustee
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