

Anjali Singh  
National President, Banking & Credit Council

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**Ms. Nirmala Sitharaman**  
**Union Minister of Finance and Corporate Affairs**  
**Ministry of Finance**  
Room No. 134, North Block  
New Delhi- 110001

Dear Madam FM,

At the outset we want to compliment you for soliciting opinions from the Industry, to declare "A budget Like never before, in the last 100 years".

We have been encouraged by your invitation and as the President of the WICCI Banking Council and Leader of the Lending Sub Committee of the same council we would like to put forth certain Ideas to give a further impetus to Women in gaining financial empowerment.

Despite schemes launched and announced in the past, MasterCard Index of Women Entrepreneurs (MIWE) 2019 ranks India one of the lowest — 52nd among the 58 countries studied globally — for providing a congenial environment for women entrepreneurs.

However, we are aware that there has been a special focus personally by you and the Ministry has launched various schemes with special provisions for women. Women's share in deposits, loans is inching up: (RBI study), however we are far from achieving true gender equity.

As per Economic Times Article of 3rd March, 2020 ,Women account for over 81 per cent of the total beneficiaries under the 'Stand Up India' scheme which was announced on April 5,2020 with loans worth Rs 16,712 crore sanctioned for them in Last Four years.

which reinforces the importance of giving women even more financial benefits:

- Women entrepreneurs have consistently performed better than their male counterparts.
- Their businesses showed greater profit margins than those of men – 31 percent, on average, as compared to about 19 percent.
- Bankers attributed relatively lower non-performing assets to women. Women in PSBs accounted for 4 percent of NPAs, lower than the overall NPAs registered at 6.2 percent.
- Women appeared to be more loyal customers, as they had fewer banking relationships when compared to their male counterparts.

Sadly, this study also estimates that **90 percent of the women entrepreneurs surveyed had not availed of finance from formal institutional channels.**

In volume terms, an estimated 70.37 percent of the financing demand remained unmet. This translates to a financing gap of INR 1.37 lac crore (USD 20.52 billion), a huge market opportunity for formal financial institutions for quality lending.

In a different study of women entrepreneurs By IFC on Financial Inclusion for Woman-Owned Micro, Small & Medium Enterprises :

1. 80 percent of entrepreneurs stated that personal resources were their most preferred option for finance
2. 55 percent said they took loans from moneylenders. Financial institutions and business associations (through linkages to credit) were the last option
3. 77 percent of them took loans to finance fixed capital requirements.
4. Only 14 percent of the women-owned enterprises availed of bank loans to meet growth financing requirements. This is significantly lower than male owned enterprises where 66.7 percent availed credit for business expansion and growth.

Despite progress and numerous efforts, the awareness of access to these schemes is very low and inhibits existing women entrepreneurs from being able to scale up and expand their business. Further a lot of the schemes launched in the past are centred around offers from select PSU and state banks where the marketing effort from the bank and the ease of access for women is very limited.

(PSU Banks account for the bulk of formal credit supply to MSMEs - Women entrepreneurs got only 5.2 percent of the total credit outstanding that all PSBs provided to MSMEs.)

## **Recommendations:**

1. Banks INCLUDING private banks in urban cities should earmark x per cent of their net bank credit for women and raise it over a period of time.
2. The current concessions on lending rates are not viable enough to encourage women entrepreneurs. Given the data that supports the gender based credit history, loans to women entrepreneurs for Expansion of existing business should be a minimum of 2% lower than their male counterparts
3. Some sort of a sovereign guarantee to encourage credit/current account loans without collateral to women with GST numbers and existing businesses should be offered to encourage scaling up small businesses started by women
4. Last but not the least GST concessions have been offered to many prioritized sectors and minorities. Businesses run by women entrepreneurs too should have significant concessions on GST irrespective of the type of business/trade
5. Slabs for concession on income tax for women be significantly increased not only for entrepreneurs but also salaried ladies as a sub conscious gender pay inequality anyway exists! Infact companies should also be getting some rebates on paying >50 lakhs basic pay to women in order to encourage more diversity at senior levels in the corporate world.

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