

7

BEYOND GOVERNANCE

Case Study

In order to make the Chartered Secretary Journal (CSJ) more interactive for the members and students, the Case Study section has been introduced from April issue. Each Case Study is followed by question(s) which are to be solved by member(s)/student(s). The answer(s) are to be sent to cs.journal@icsi.edu latest by 25th of each month.

The answer(s) will be reviewed by a Panel of reviewer(s). The winner will be given:

- (i) Certificate of Appreciation.
- (ii) His/Her name will be published in the next issue of the Journal.
- (iii) He/She will be awarded cash award of ₹ 2,500.

Crossword

'Crossword' containing terminologies/concepts from Companies Act, IBC, NCLT and such related areas of profession is introduced. Members/students are to send the answers of Crossword to cs.journal@icsi.edu latest by 25th of each month.

- The answer(s) will be published in the next issue of CSJ.
- The winners will be selected randomly.
- The name of three winners will be published in the next issue of CSJ.

National/International Reports: Analysis

A new Section on 'National/International Reports: Analysis' covering reports on the recent policy initiatives and insights at National and International level is introduced. The purpose is to communicate information amongst professionals on various reports released by National/International organisations, having an impact on the profession.

CASE STUDY



IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION
CIVIL APPEAL NO.OF

SECURITIES AND EXCHANGE BOARD OF INDIA
.....APPELLANT

Vs.

A.M.N. LIMITED & ORS.RESPONDENTS

Brief Facts:

The company A.M.N. LIMITED (hereinafter referred as “the company”) proposed to enter into a transaction with one NR Private Limited for purchase of 40,000 sq. ft. of residential space. This proposal was treated as a related party transaction and was required to be approved by the shareholders of the Company. Accordingly, a special resolution was approved by “the company” on 15.07.2014.

In terms of Section 188 of the Companies Act, 2013, the related parties abstained from voting on this special resolution. Thereafter, an Extra-Ordinary General Meeting was convened on 16.12.2016 for rescinding the resolution dated 15.07.2014 in which, the related parties also voted.

However, the appellant-SEBI took up the matter on a complaint and issued notice alleging violation of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Adjudicating Officer, ultimately, proceeded to penalise the present respondents with a cumulative sum of Rs. 35 lakhs for the alleged violation of the said Regulation 23.

The Securities Appellate Tribunal has not approved this order passed by the Adjudicating Officer and has allowed the appeal filed by the present respondents while, *inter alia*, holding that the bar of voting as per Section 188 of the Companies Act, 2013 on related parties operated only at the time of entering into a contract or arrangement, i.e., when the resolution dated 15.07.2014 was passed; and therein the said related parties indeed abstained from voting. The Appellate Tribunal found no fault in the said parties voting in the recalling/rescinding of the said resolution.

Hence the appeal lies to the Supreme Court.

On the basis of above arguments decide the following:

Query1: Decide the case in view of verdict held by SEBI and Securities Appellate Tribunal along with explanation of the regulation alleged to be violated in this case.

Query 2: Whether your opinion has an implication in favour of the investor in this case?

Disclaimer: The case study has been framed from the facts and figures available in the public domain with some modifications/assumptions so as to enable members to apply their professional skills to answer the same and hide the identity of the case. Author is not to be held liable for any resemblance of the facts and figures with any case.

Winner of Case Study – March 2025

CS L Krishnamoorthy
FCS 2358

BEST ANSWER - CASE STUDY - MARCH, 2025

Introduction

The facts narrated in the Case Study are similar to those in the Civil Appeal No. 7107 of 2017 decided by the Supreme Court of India, (SC) in *Shakti Yezdani and Anr Vs Jayanand Jayant Salgonkar and others*. The SC has finally settled through this judgement the controversy over the rights of nominees under Section 109A of the Companies Act, 1956 (the Act) and the legal heirs on devolution of shares in a company. The judgement also explains how the issue of rights of nominees vis a vis legal heirs in other enactments such as Insurance Act 1938 EPF and Miscellaneous Provisions Act, 1952, Banking Regulation Act, 1949 and National Savings Certificate Act, 1959, which have provisions more or less similar to Section 109A of the Companies Act, 1956, is settled by the SC.

As the facts in the case study relate to nomination and the rights of nominees under Section 109A of the Companies Act, 1956 and the arguments of the appellants and the respondents focus on interpretation of the said Section, the settled issues are presented under broad headings as explained below:

Nomination under the Companies Act, 1956

Section 109A (*pari materia* to Section 72 of the Companies Act, 2013) was inserted by Companies (Amendment Acts) 1999 in the Act from 31st October 1998. Section 109A(1) enables a shareholder to nominate a person, in the prescribed manner, to whom the shares in debentures of the Company shall “*vest*” on his death.

Section 109A(3) commences with a *non obstante* clause. It provides that once a nomination is made as per prescribed procedure, the nominee, on the death of the nominating share/debenture holder, becomes entitled to all rights in the shares or debentures of the company to the exclusion of legal heirs/representatives and any provision to the contrary in any disposition, whether testamentary or otherwise, will have no effect and will not thus affect the rights of the nominee.

Legislative intent for inserting Section 109A and 109B under the Act

The objective for amendment of the Act by inserting Sections 109A and 109B is to provide the facility of nomination so that the Company Law will be in tune with the economic policies of liberalization and deregulation. This is also intended to promote investors' confidence in capital market and to promote the climate for inter-corporate investment in the country. The nomination facility was provided to ease the cumbersome procedure in obtaining letters of succession from various authorities.

Effect of Nomination facility under other legislations

Acts like Banking Regulation Act, 1949, Depositories Act, 1996, National Savings Certificate Act, 1959, Life Insurance Act, 1938, Employees Provident Fund and Miscellaneous Provisions Act, 1952 provide for nomination. But the SC consistently held in respect of nominations made in these Acts, that the nomination so made would not lead to the nominee attaining absolute title over the property for which

nomination was made. Such nomination will not replace the succession law as applicable and the legal heirs have not been excluded by virtue of such nomination.

Implications of the term “Vest” used in Section 109A of the Act and bye law 9.11.1 under the Depositories Act 1996

Section 109A (1) provides that “Every holder of shares in or debenture of a company may, at any time nominate in the prescribed manner, a person to whom his shares in or debentures of the company shall vest in the event of his death”.

In Vetticherukkuru Viilage Panchayat Vs Nori Venkatarama Deekshitulu, SC held “The word ‘vest’ clothes varied colours from the context and situation in which the word came to be used in a statute or rule.....In Black’s Law Dictionary, the meaning of the word ‘vest’ is given as immediate, fixed right of present or future enjoyment; to

accrue to; to be fixed; to take effect; to clothe with possession; to deliver full possession of land or of an estate; to give seisin; to eneff.....”

In Municipal Corporation of Greater Bombay Vs. Hindustan Petroleum Corporation, it was held by SC that the term ‘vest’ is to be understood in the context in which it is used, the purpose for which it is used and in the situation it operates. The term “vest” has variable meaning and use of this word in a statute does not confer absolute title over the subject matter.

The term “vest” used in Section 109A provides for vesting of shares/debentures of a share/debenture holder, on his death, unto the nominee. Bye law 9.11.1 under the Depositories Act, 1996 also provides for vesting the securities unto the nominee on death of the beneficial owner. The only purpose of this provision is to avoid uncertainty on the part of the company on death of the share/debenture holder. But for this provision, the company would have faced uncertainty on the death of the holder and in the absence of nomination would not know to whom the notices of meetings are to be sent, payment of dividend to be made, rights shares and bonus shares to be allotted and who will exercise voting rights. This would affect the smooth functioning of the Company.

The above proposition would apply mutatis mutandis to the nomination made by the beneficial owner under the Depositories Act, 1996.

Effect of non obstante clause in Section 109A of the Act and bye law 9.1.7 under Depositories Act, 1996

Section 109A(3) of the Act reads as under:

Notwithstanding anything contained in any other law for the time in force or in any dispensation, whether testamentary or otherwise, in respect of such shares in or debentures of the company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the company, the nominee shall on the death of the shareholder or holder of debentures of the company, or as the case may be, on the death of joint holders becomes entitled to all the rights in the

shares or debentures of the company.....to the exclusion of all other persons unless the nomination is varied or cancelled in the prescribed manner.

The appellants contend that the non-obstante clause in Section 109A of the Act confers overriding effect to the nomination over any other law and disposition, testamentary or otherwise, and thus entitles the nominee to absolute rights over the shares/debentures.

It is held by SC in *R S Ranganath V State of Karnataka* that a non obstante clause is to be considered in the light of the context in which it is used. Further, general words and phrases used in a statute, regardless of their wide ambit, must be interpreted keeping in mind the objects of the statute.

The Companies Act, 1956, was amended by providing nomination facility to the share/debenture holder of the company with a view to build investor confidence and bring the Company Law in tune with the process of liberalization and de regulation of Indian economy. Thus the non obstante clause serves the purpose of allowing the company to vest the shares upon the nominee to the exclusion of other persons, i.e. the legal heirs of the deceased share/debenture holder. This enables the company to discharge its liability against diverse claims of the legal heirs of the deceased share/debenture holder. This arrangement is envisaged until the legal heirs have settled the affairs of the testator and are ready to register the transmission of the shares by due process of succession law.

Similar non obstante clause under bye law 9.11.7 of the Depositories Act, 1996 serves the purpose of enabling the depository to deal with the securities on death of the beneficial owner.

The conclusion is that the non obstante clause in both section 109A(3) of the Act and bye law 9.11.7 of the Depositories Act, 1996 was inserted keeping in view the objects and purpose of the said Acts. It can not, therefore, be held that section 109A(3) of the Act overrides the provisions of succession law by excluding the legal heirs from their rightful claims over the securities, as per succession law, against the nominee.

Concept of “statutory testament “ under the Companies Act, 1956

The contention of the appellants is that the nomination under Section 109A of the Act indicates the intention of the share/debenture holder to bequeath to the nominee the right to receive the securities exclusive of legal heirs and thus constitutes a “statutory testament”. This contention has no merit as the Act does not override the provisions of law of succession. The Companies Act, 1956 is merely concerned with the regulation of affairs of the company and has no relation whatsoever with the law of succession. It is beyond the scope of the affairs of the company to facilitate the succession planning of the shareholder.

Conclusion:

- The facility for nomination under Section 109A of the Act was made by the Amendment Act, 1999 with a specific purpose and object, namely, to boost the confidence of the investor in capital market and make the Company Law in tune with the liberalization of Indian Economy at that time. The non obstante clause can not go beyond what the legislature intended to achieve.

- Merely because Section 109A of the Act uses words such as “vest”, “non obstante clause” and “to the exclusion of others”, it does not grant absolute ownership in respect of the securities to the nominee disregarding the provisions of succession law.
- A person who has been nominated under Section 109A of the Act, on the death of the securities holder, does not have absolute right over such securities to the exclusion of all other persons including legal heirs /legal representatives of the deceased shareholder.
- The nominee at the most, holds the securities in a fiduciary capacity and holds them as a beneficiary for the legal heirs/representatives who would inherit them under the law of succession.
- As it is held that nomination made under Section 109A of the Act is not a statutory testament, such nomination shall be subject to Will executed in accordance with Indian Succession Act, 1925. In other words provisions of Indian Succession Act, 1925 regarding Will, will override the provisions of Nomination made under the Companies Act, 1956.



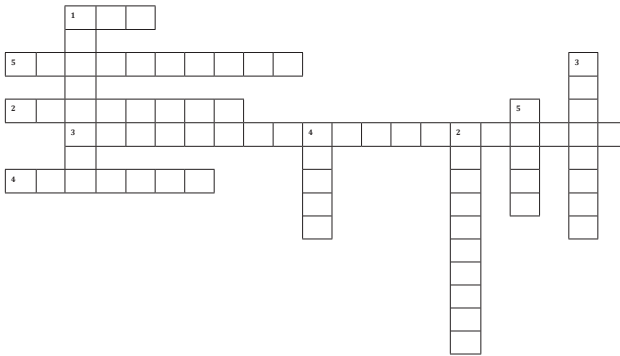
YOUR OPINION MATTERS

‘Chartered Secretary’ has been constantly striving to achieve Excellence in terms of Coverage, Contents, Articles, Legal Cases, Govt. Notification etc. for the purpose of knowledge sharing and constant updation of its readers. However, there is always a scope for new additions, improvement, etc.

The Institute seeks cooperation of all its readers in accomplishing this task for the benefit of all its stakeholders. We solicit your views, opinions and comments which may help us in further improving the varied segments of this journal. Suggestions on areas which may need greater emphasis, new Sections or areas that may be added are also welcome.

You may send in your suggestions to the Editor, Chartered Secretary, The ICSI at cs.journal@icsi.edu

CROSSWORD PUZZLE – COMPANY LAW - APRIL 2025



ACROSS

- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, The performance-linked incentive fee for value maximisation may be paid to the resolution professional at the rate of _____ percent of the amount by which the realisable value is higher than the liquidation value, after approval of the resolution plan by Adjudicating Authority on commencement of payment to creditors by the resolution applicant.
- Under Companies Act, 2013, Every company giving loan or giving guarantee or providing security or making an acquisition of securities shall, from the date of its incorporation, maintain a register in _____ and enter therein separately, the particulars of loans and guarantees given, securities provided and acquisitions made.
- Under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the cap on the price band, and the coupon rate in case of convertible debt instruments, shall be less than or equal to _____ percent of the floor price.
- Under Companies Act, 2013, a company may pay a sitting fee to a director for attending meetings of the Board or committees thereof, such sum as may be decided by the Board of directors thereof which shall not exceed _____ rupees per meeting of the Board or committee thereof.
- Under Companies Act, 2013, companies having turnover of _____ crore rupees or above shall file their financial statements and other documents under Section 137 of the Act with the Registrar in e-form AOC-4 XBRL.

DOWNWARDS

- Under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, An issuer shall be eligible to make an initial public offer only if it has a net worth of at

least _____ rupees in each of the preceding three full years (of twelve months each), calculated on a restated and consolidated basis.

- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016), in cases where quantum of admitted claims are More than Rs.500 crore but less than or equal to Rs.2,500 crore, the Minimum fixed fee payable to the interim resolution professional or the resolution professional shall be Rs. _____, in accordance with Table-1 of Schedule II and is applicable for the period specified in Clause 2 of Schedule II.
- Under the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, the consultation committee, after recording the reasons, may by a majority vote of not less _____ per cent., propose to replace the liquidator.
- Under the Real Estate (Regulation and Development) Act, 2016 the rate of interest chargeable from the allottee by the promoter, in case of default, shall be _____ to the rate of interest which the promoter shall be liable to pay the allottee, in case of default.
- Under the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017, The liquidator shall file the Status Report with the Board within _____ days of the meeting of contributories.

Winners - Crossword March 2025

1ST CS Somi Khemsara ACS-71129

2ND CS Meenu Gupta ACS-34932

3RD CS Shreya Kamath ACS-63008

Crossword Puzzle – March 2025 Answers

ACROSS

- ONE HUNDRED
- FIFTY
- TWENTY-ONE
- SH-7
- FC-GPR

DOWNWARDS

- THREE
- TWO HUNDRED FIFTY
- TWICE
- DISSOLUTION
- THREE

NATIONAL/INTERNATIONAL REPORTS: ANALYSIS



FROM BORROWERS TO BUILDERS: WOMEN'S ROLE IN INDIA'S FINANCIAL GROWTH STORY

Organisation: A joint Report by Transunion CIBIL, WEP (NITI AAYOG), and Microsave Consulting

Month/Year of Release: March 2025

Source: <https://www.niti.gov.in/sites/default/files/2025-03/From-Borrowers-to-Builders>

INTRODUCTION

India remains one of the fastest-growing economies globally, with an 8.2% GDP growth in FY23/24 (World Bank, 2024). Its real GDP is projected to grow by 6.5–7% in 2024–25, reflecting the economy's resilience and strong domestic demand. By FY24, the economy had expanded by 20% compared to pre-COVID levels in FY20. Structural initiatives like "Make in India" and "Digital India" have supported this recovery, with the services sector leading the way, contributing 54.7% to Gross Value Added (GVA), followed by industry at 27.6% and agriculture at 17.7%.

Amid this robust growth, Women Entrepreneurs (WEs) are playing an increasingly significant role in the economy, contributing to the nation's progress. Over the past 7 years, the Female Labour Force Participation Rate (FLFPR) has steadily increased from 23.3% in 2017-18 to 41.7% in 2023-24. This growth has been largely fueled by the increased economic participation of rural women.

With India's working-age population projected to exceed 1 billion in the next decade (World Bank, 2024) job creation through entrepreneurship is vital. Promoting entrepreneurship for women is also one of the best pathways for accelerating equitable growth. To support this transformation, a range of government initiatives and schemes are empowering women to overcome barriers, launch businesses, and contribute meaningfully to the economy. The National Rural Livelihood Mission has enabled 9 million women Self Help Groups (SHGs) to improve their livelihoods through access to formal banking.

NITI Aayog's Women Entrepreneurship Platform (WEP) brings together public and private sector partners to create a supportive ecosystem for women entrepreneurs. It provides a continuum of support across 4 key needs of training, access to finance and markets, mentoring, and support services to women entrepreneurs. WEP's digital platform offers knowledge resources and information on over 70 central and 400+ state-level govt. schemes supporting entrepreneurship. The scheme-wise disbursement of the loan is as given below:

Table 1: Disbursement of Loan

GOI Schemes	Loan Disbursement
Pradhan Mantri Mudra Yojana (PMMY)	INR 2.22 lakh crore were disbursed to 4.24 crore women entrepreneurs in FY2023-24.
PM SVANidhi Yojana	Supported 30.6 lakh women street vendors with Rs. 5,939.7 crore in working capital loans as of December 2024.
UDYAM-registered MSMEs	40% of UDYAM-registered MSMEs are women-owned (UDYAM Registration Data 2025) as on Jan 2025.

While business loans are gaining popularity among women, government initiatives have also substantially enhanced financial access. Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) issued 22% of total guarantees to women for collateral-free loans as of March 2024, while Stand-Up India sanctioned 84% of 2.09 lakh loans to women entrepreneurs by November 2023, reinforcing support for women-led businesses.

SCOPE

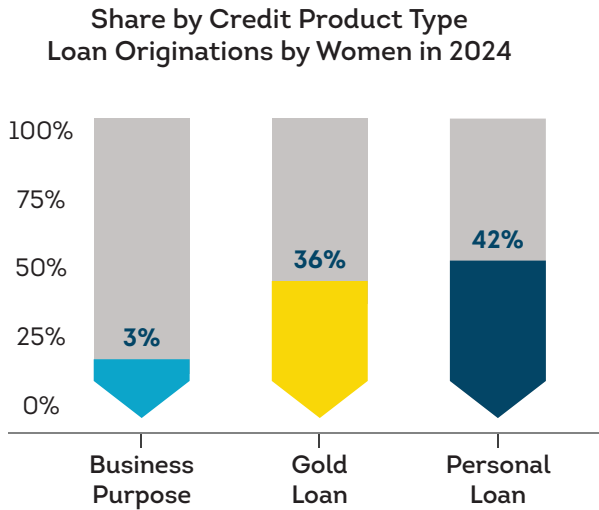
This report examines the evolving role of women in India's economic growth, focusing on their untapped potential and the systemic barriers they face. Women constitute nearly half of India's population but contribute only 18% to the GDP.

OBJECTIVES

- To present an In-depth analysis of Women's Credit Participation w.r.t:
 - Credit origination
 - Product preferences
 - Role of semi-urban and rural enterprises
 - State-wise growth
- To understand Self-Monitoring behaviour and its impact on Credit Health.
- To examine women credit willingness & readiness.
- Understand challenges faced by Women Business Borrowers.
- To reflect on the Financial Journeys of some of the Emerging women entrepreneurs.

DATA ANALYSIS

A. Women’s Credit Participation



The number of women borrowers availing retail credit in India has increased at a **Compound Annual Growth Rate (CAGR) of 22% between 2019 and 2024.**

This growth reflects a significant shift in financial behavior, with women increasingly leveraging credit to meet personal and professional goals. A closer look at the data reveals key trends in **credit origination, the role of semi-urban and rural enterprises, product preferences, and state-wise growth.**

Credit Origination: The data in the chart reveals share by Credit Product Type Loan Origination by Women in 2024. Though the number of accounts opened for business purposes has grown 4.6 times since 2019, these loans constitute only **3% of overall loans availed by women borrowers in 2024.**

Credit for personal finance needs (personal loans, consumer durable loans, home ownership, vehicle loans) accounted for **42% of all loans availed by women in 2024.**

Gold loans have gained popularity amongst women borrowers and accounted for **36% of all loans availed by women borrowers in 2024.**

Table 2: Percentage of Credit availed

Loan Type	Young women (<=30 years of age)	Women in semi-urban and rural areas
Personal Loans	42%	49%
Gold Loans	17%	70%
Business Loans	18%	65%
Agri Loans	13%	84%

Young women (<=30 years of age) are availing credit for personal finance purposes. However, the share of young women in other credit products remained low for originations in 2024.

Shares of loan originations to women in **Semi-Urban and Rural areas** are higher for agriculture, business purposes,

and gold than for personal finance loans, underscoring the geographical diversity in credit product preferences.

Table 4: Product preferences

Preference	% of Credit Availed
Loan Against Property	36% (+2% increase in share from 2019)
Agriculture Loans	26% (+5% increase in share from 2019)
Business Loans	25% (+2% increase in share from 2019)
Commercial Vehicle Loans	19% (+4% increase in share from 2019)

Women’s Credit Product Preferences: Women borrowers are increasingly seeking credit for entrepreneurial growth, as reflected in the high share of women in credit enquiries in 2024.

State-wise growth: Credit participation by women borrowers varies significantly across states, reflecting regional differences in financial inclusion.

LIVE LOANS FOR TOP 7 STATES- DEC '24

State	Overall Growth (5 Years CAGR)	Growth of Women (5 Years CAGR)	Share of Women (2024)
Uttar Pradesh	16%	20%	23%
Maharashtra	9%	13%	30%
Tamil Nadu	8%	10%	44%
Karnataka	12%	16%	34%
Andhra Pradesh	10%	13%	41%
Rajasthan	14%	20%	26%
Madhya Pradesh	15%	19%	25%

Southern states have higher shares of women borrowers with at least 1 live loan in their wallet – Tamil Nadu (44%), Andhra Pradesh (41%), Telangana (35%), Karnataka (34%) as compared to 31% of women at an overall country level as of December 2024. Northern and central states (Rajasthan, Uttar Pradesh and Madhya Pradesh) have witnessed high CAGR in live women borrowers over the last 5 years, but their share of women at an overall country level remains low.

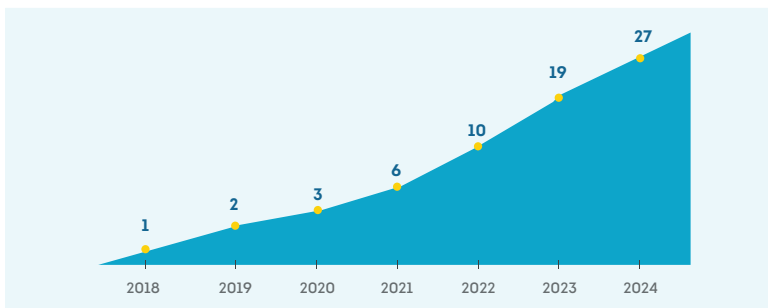
B. Self-Monitoring behaviour and its impact on Credit Health

1. Rise of self-monitoring: Generational and Geographic Shifts: Building on the progress in access to finance, women are increasingly demonstrating financial independence through self-monitoring and credit management. This is a testament to their growing financial acumen.

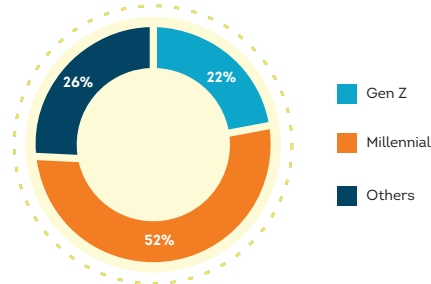
As women take charge of their financial futures, the numbers tell a compelling story. By the end of 2024, nearly 27 million women were actively monitoring their credit—a striking 42% increase from 2023. This shift reflects a broader cultural and economic transformation, with women increasingly viewing credit health as an active tool for shaping their financial futures.

The surge is being driven by the younger generation, with Gen Z women- a generation often characterised by its digital fluency and appetite for self-improvement-leading the way. The number of Gen Z women self-monitoring their credit jumped by 56% YOY, while millennial women followed closely with a 38% rise.

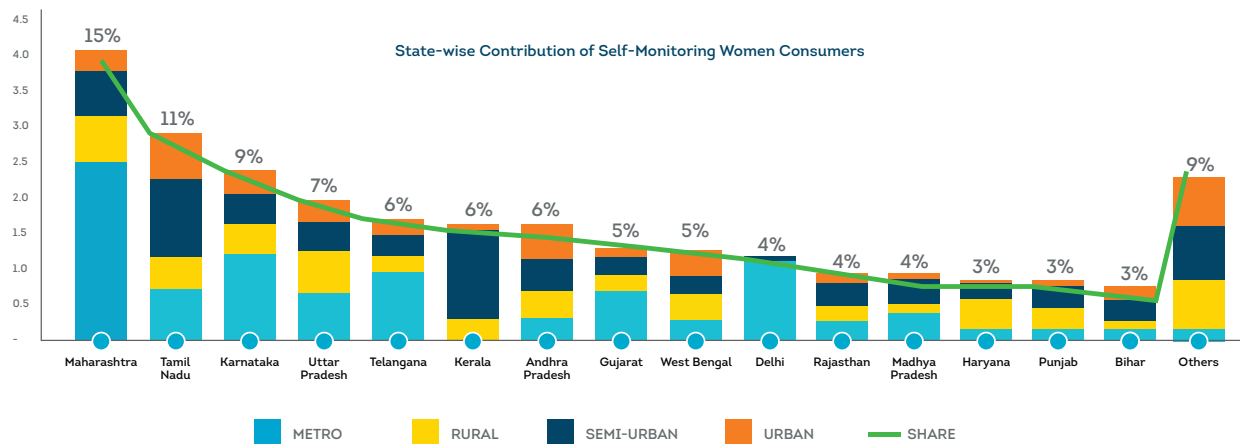
Self-Monitoring Women Borrowers (in Mn.)



Age-Wise Distribution of Self-Monitoring Women Consumers (2024)



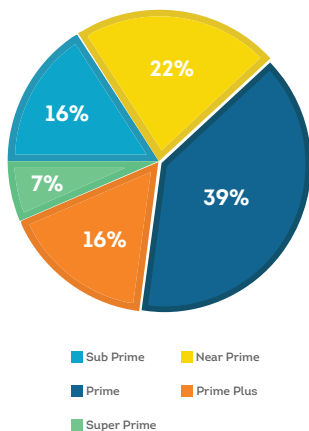
2. States with largest growth in self-monitoring women borrowers



The number of self-monitoring women from metro areas has grown by 30% from December 2023 to December 2024, while those from non-metro areas has grown by 48% during the same period. Maharashtra, Tamil Nadu, Karnataka, Uttar Pradesh, and Telangana were the top five states for women self-monitoring in CY 2024, contributing to 49% of the total women self-monitoring across all states. The southern region has the highest number of women self-monitoring, with 10.16 million women. This region also experienced a growth of 46% from Dec 2023 } till Dec 2024.

- c) The number of women self-monitoring and classified as Prime and above grew from 8.22 million as of December 2023, to 11.90 million as of December 2024, showing a growth of approximately 45%.
- d) Nearly 62% of self-monitoring women are in the Prime and above bands. This shows that actively managing your credit by consistently following good credit practices has helped women borrowers remain credit healthy.

Score Distribution of Self-Monitoring Women Consumers



3. Impact of Self-Monitoring: Women achieving credit health

- a) 44% of the women who engage in self-monitoring see improvements in their credit scores within six months, reflecting the impact of increased financial awareness.
- b) Among women in the 90+Days Past Due (DPD) category at the time of their credit check, 17.45% moved to a lower delinquency bracket within six months, while 11.37% became standard borrowers.

The rise in financial and credit awareness amongst women—especially younger ones—marks a significant cultural and economic shift. Credit health has now become an active tool for shaping economic independence. It is a reminder that empowerment is rooted in knowledge, and for this generation, credit health is proving to be a powerful starting point.

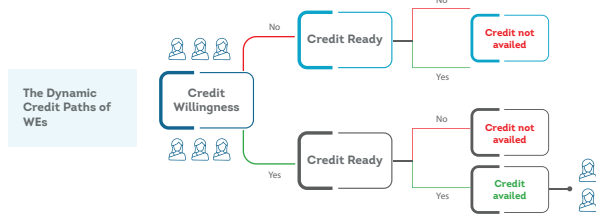
CIBIL Scores: Range from 300-900. Score tiers are: **Subprime** = 300-680 | **Near Prime** = 681-730

Prime = 731-770 | **Prime Plus** = 771-790 | **Super Prime** = 791-900

C. Survey on Women Credit Willingness & Readiness

Understanding women borrowers’ credit journeys is crucial to addressing the gender gap in credit and unlocking women’s potential in the market. MSC’s study (Women and Credit Report) of 40 women-owned enterprises across 10 states led to the creation of personas that capture the non-linear credit journey of women entrepreneurs.

The report has mapped financial journeys of women entrepreneurs through Six Key Personas. These personas highlight that women business borrowers are diverse. Some may be credit-ready but not credit-willing, while others are credit-willing but not credit-ready. Additionally, some face barriers even when they are both credit-ready and credit-willing. Their challenges and motivations vary by life stage, needs, and experience with the credit market.



The following personas, representing real Women Entrepreneurs (WEs) from the field study.

Persona 1: Independent Go-Getter

Credit-willing, credit-ready, and has independently availed credit from a financial service provider.

The WEs studied under this persona type are observed, to be more dependent on traditional loans at the beginning stages of setting up their business and later switch to alternate funding sources such as grants and equity investments from impact investors. They seek financial partnerships that complements their long-term vision for the business expansion. Some WEs also avail secured loans from banks, working capital from an NBFC and women federations for setting up their manufacturing units.

Persona 2: Guided Achiever

Credit-willing and credit ready but has availed credit with the assistance of bridge institutions.

Bridge Institutions provide credit and credit-plus services, such as training and business support, to women. They connect banks with borrowers, maintain long-term relationships, and adopt gender-intentional or gender-transformative lending approaches, (Women and Credit, 2023). Such institutions help WEs overcome cultural barriers that prevent them from taking interest-based loans.

Persona 3: Disappointed Applicant

Credit-willing and credit ready but has been unable to access credit, despite meeting the necessary financial and business requirements.

WEs exhibiting such persona, who have their registered business, inspite of having a positive perception about banks offering loans on low interest rates, and stability making them their preferred option are still denied loans due to non-availability of a guarantor which lead them to withdraw their application.

Persona 4: Hopeful Learner

Credit-willing but not credit-ready due to a lack of business viability, documentation, or credit history.

Such WEs are hesitant to take loans from banks due to their unregistered nature of business and lack of awareness of formal loan procedures and other required documents limit their credit readiness. They are dependent on loans from informal channels and SHGs to finance their business.

Persona 5: Risk Averse Planner

Credit-averse despite having a viable business and meeting financial eligibility criteria, often due to social, economic, or personal concerns.

Such WEs are hesitant to take large bank loans despite their eligibility fearing missed instalments. They take loans from SHGs but do not pursue loans from individual banks. Their cautious nature holds them back from rushing into large scale expansions.

Persona 6: Resource-Limited Striver

Lacking both, the motivation to seek credit and the necessary business or financial prerequisites, to qualify for formal borrowing.

Fearing their family's financial stability may be at risk, such WEs are hesitant to take loans from formalised channels. They manage their financial requirements by relying on collateral-free loans from informal channels like moneylenders and friends. These are usually single owners.

MAJOR FINDINGS

- **Steady rise in Women Borrowers:** Women seeking credit grew 3 times between 2019 and 2024, reflecting increased demand among female borrowers.
- **Women Borrower Demographics:** About 60% of the women borrowers availing credit are from semi-urban or rural areas. Women under 30 years of age, account for only 27% of retail credit uptake by women, compared to 40% for men.
- **Credit Supply Trends:** Women's participation in credit origination has seen notable growth in recent years. Since 2019, their share in Business Loans and Gold Loans has increased by 14% and 6% respectively. By 2024, 42% of loans availed by women were for personal finance, a slight increase from 39% in 2019. While the credit supply to women in business sectors has improved, the majority of loans availed by women continue to be against gold – 36% of all loans availed by women in 2024 were gold loans vs. 19% of loans availed in 2019.
- **Rise in Credit Monitoring and Awareness:** As of December 2024, 27 million women borrowers in India have monitored their credit information report and score with CIBIL. While this is an encouraging trend, this must continue for women to progress from participants to leaders in India's economic story.

RECOMMENDATIONS

- Expand Women's Access to Business Loans
- Develop Gender-Intelligent Financial Products
- Reimagine Credit Risk Assessment
- Boost Credit Readiness of WMSMEs
- Strengthen Support Ecosystems for Women Entrepreneurs
- Increase Gender Balance in Financial Services

CONCLUSIONS

The findings underscore women's growing economic participation and financial inclusion, particularly in rural areas. However, untapped potential among younger women and reliance on traditional credit forms highlight the need for greater empowerment to lead and innovate. Unlocking their potential will drive inclusive and sustainable growth, transforming aspirations into achievements. □