

FINANCING TO SHGs UNDER NATIONAL RURAL LIVELIHOOD MISSION (NRLM)

The Ministry of Rural Development, GOI has launched NRLM by restructuring Swarna Jayanti Gram Swarozgar Yojana (SGSY) replacing the existing SGSY scheme, effective from 01.04.2013. The aim of the program is poverty reduction through building strong institutions of the poor, particularly women, and enabling these institutions to access a range of financial services and livelihoods services.

➤ **ELIGIBILITY:**

- a. SHG should consist of 10-20 persons. In difficult/ remote tribal areas/ groups with disabled persons – min. 5 persons.
- b. SHG should be in active existence at least since the last 6 months as per the books of account of SHG and not from the date of opening of S/B account.
- c. SHG should be practicing 'Panchasutras' i.e. Regular meetings, Regular savings, Regular inter loaning, Timely repayment and Up to date books of accounts.
- d. Qualified as per grading norms fixed by NABARD. As and when the Federations of SHGs come to existence, the grading exercise can be done by the Federations to support the Banks.
- e. The existing defunct SHGs are also eligible for credit if they are revived and continue to be active for a minimum period of 3 months.

➤ **FINANCIAL ASSISTANCE:** Revolving fund minimum Rs. 10000/- and maximum Rs. 15000 per SHG would be provided by NRLM. Capital subsidy has been discontinued under NRLM.

➤ **QUANTUM OF LOAN:**

a. **Cash Credit Limit (CCL):** In case of CCL, banks are advised to sanction minimum loan of Rs. 6 lakhs to each eligible SHGs for a period of 3 years with a yearly Drawing Power (DP). The drawing power may be enhanced annually based on the repayment performance of the SHG. The drawing power may be calculated as follows:

- DP for First Year: 6 times of the existing corpus or minimum of ₹1.5 lakh whichever is higher.
- DP for Second Year: 8 times of the corpus at the time of review/ enhancement or minimum of ₹3 lakh whichever is higher.
- DP for Third Year: Minimum of ₹6 lakhs based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit history.
- DP for Fourth Year onwards: Above ₹ 6 lakhs based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit History.

b. **Term Loan:** In case of Term Loan, banks are advised to sanction loan amount in doses as mentioned below:

- First Dose: 6 times of the existing corpus or minimum of ₹1.5 lakh whichever is higher.
- Second Dose: 8 times of the existing corpus or minimum of ₹ 3.00 lakh whichever is higher.
- Third Dose: Minimum of ₹ 6 lakhs based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit history.
- Fourth Dose: Minimum of ₹ 6 lakhs based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit History.