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MCID

INTER OFFICE MEMORANDUM

Ref No. NB.mCID/ 1370 /Women SHG/2011-12 dated 10 February 2012

CIRCULAR No. 33 A MCID - 01 / 2012

From : CGM, MCID, NABARD HO, Mumbai
For : CGM, NABARD, All concerned ROs

Ranchi RO

Scheme for Promotion of Women SHGs in backward districts of India

A scheme in association with Govt. of India has been formulated 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. This project is an attempt at having NGO-SHPI to work not merely as an SHPI for promoting and enabling credit linkage of these groups with banks, but also serving as a banking / business facilitator, tracking, monitoring these groups and also 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 is enclosed (Annexure-III).

This approach is expected to facilitate sustained financial inclusion through bank loan, promote livelihood development of women and deliver social development programmes for Women through SHGs. The Operational Guidelines for the scheme are enclosed (Annexure - I). Some of the salient features of the scheme are:

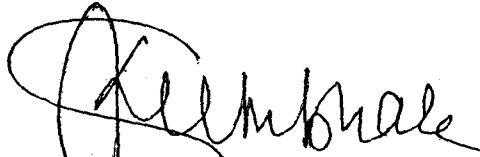
- i. An anchor NGO to be selected by LDM in consultation with the DDM, NABARD and DLCC in each of the district for implementation of the project.
- ii. The scheme would be implemented primarily through two nodal bank branches, having CBS facility, in each block of the identified districts.
- iii. The identified bank branch will enter into a MoU with the identified NGO.
- iv. The identified NGOs will be eligible for grant assistance upto a maximum of Rs 10,000 per SHG from WSHG Fund.
- v. All loans to new SHGs promoted will preferably be under the cash credit mode.
- vi. DDM, NABARD will arrange need based awareness and capacity development programmes for key stakeholders under the project.
- vii. 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.

You are advised to circulate the copy of the guidelines to SLBC/ DLCC of the state/concerned district as also to the RRB and the controlling offices of the

Tea NB/mCID/3369/Women SHG 10M to ROs.



Commercial Banks operating in the identified district/s. You are also expected to guide the District Development Managers in the identified districts about the project, its operational guidelines and issues connected with grounding of the project. Please initiate suitable action to ensure quick grounding of the project which interalia include, providing necessary exposure about the project, identification of implementing agency - NGO, identification of nodal bank branches, mapping and conduct of training programmes. Please also ensure submission of the base level data for block-wise position of SHGs formation, savings and credit linkage as on 31 December 2011 in the given format (**Annexure-VIII**), latest by 29 February 2012 to enable us to monitor the progress under the project.



(S.L. Kumbhare)
Chief General Manager
Encl: Operational Guidelines

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अंतर कार्यालय ज्ञापन

संदर्भ सं. राबैं. एनबी. एमसीआईडी/ 1370 / वीमेन एसएचजी/2011-12 दिनांक 10 फरवरी 2012
परिपत्र सं 33(A) एमसीआईडी - 01 /2012

प्रेषक : मुख्य महाप्रबंधक, एमसीआईडी, नाबार्ड, प्रधान कार्यालय, मुंबई

प्रेषिती : मुख्य महाप्रबंधक, नाबार्ड, सभी संबंधित क्षेत्रीय कार्यालय

Ranchi RO

भारत के पिछड़े जिलों में महिलाओं के स्वयं सहायता समूहों को संवर्धित करने की योजना

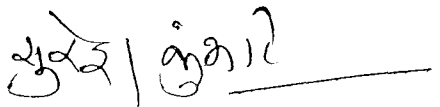
महिला स्वयं सहायता समूहों के संवर्धन एवं वित्तपोषण के लिए व्यवहार्य एवं आत्मनिर्भर मॉडल बनाने के उद्देश्य से भारत सरकार के सहयोग एवं गैर सरकारी संगठनों के भागीदारी में भारत के चुने हुए पिछड़े जिलों के लिए एक योजना तैयार की गई है। इस योजना के अंतर्गत एनजीओ-एसएचपीआई को इन समूहों को संवर्धित करना और बैंक-ऋणों से जोड़ना मात्र नहीं है, बल्कि इन्हें, इन समूहों के बैंकिंग/ बिजनेस फैसिलिटेटर, ट्रेकर, अनुप्रवर्तक के रूप में काम करने और ऋण चुकौती के लिए इन्हें उत्तरदायी बनाना भी है। यह योजना आरंभ में, देश के 24 चुने हुए पिछड़े जिलों में कार्यान्वित की जाएगी जिनकी सूची अनुबंध III में दी गई है।

इस दृष्टिकोण से आशा की जाती है कि बैंक-ऋण के माध्यम से वित्तीय समावेशन को दीर्घावधि आधार पर सुकर बनाने में, महिलाओं के जीविकोपार्जन संबंधी विकास को संवर्धित करने में और स्वयं सहायता समूहों के माध्यम से महिलाओं के सामाजिक विकास कार्यक्रमों को सम्पन्न करने में सहायता प्राप्त होगी। इस योजना के परिचालनात्मक दिशानिर्देश संलग्न हैं (अनुबंध -1)। इस योजना की कुछ मुख्य विशेषताएँ नीचे दी जा रही हैं :

- i. इस परियोजना के कार्यान्वयन के लिए प्रत्येक जिले में जिला विकास प्रबंधक, नाबार्ड और डीएलसीसी के साथ परामर्श करके एलडीएम द्वारा एक समन्वयक गैर-सरकारी संगठन को चुना जाएगा।
- ii. पहचाने गए जिले के सभी ब्लॉकों में इस योजना को प्राथमिक रूप से दो नोडल बैंक शाखाओं के माध्यम से कार्यान्वित किया जाएगा जिनमें सीबीएस सुविधा उपलब्ध हो।

- iii. पहचाने गए गैर-सरकारी संगठन के साथ, पहचान की गई बैंक शाखा एक सहमति ज्ञापन का निष्पादन करेगी.
- iv. पहचाने गए गैर-सरकारी संगठन प्रत्येक स्वयं सहायता समूह के लिए डब्ल्यूएसएचजी निधि से अधिकतम रु.10,000/- तक की अनुदान सहायता के लिए पात्र होंगे.
- v. नए संवर्धित स्वयं सहायता समूहों के सभी ऋण अधिमानतः नकदी ऋण मोड के तहत होंगे.
- vi. इस परियोजना के तहत मुख्य हितधारकों के लिए जिला विकास प्रबंधक, नाबार्ड आवश्यकता अनुरूप जागरूकता और क्षमता-निर्माण कार्यक्रम की व्यवस्था करेगा.
- vii. गैर-सरकारी संगठनों के प्रशासनिक, लेनदेन और जोखिम लागत को पूरा करने के लिए बैंक को संबंधित गैर-सरकारी संगठन को मासिक औसत बकाया ऋण पर 5% प्रति वर्ष की दर से सेवा प्रभार अदा करना होगा.

आपको सूचित किया जाता है कि दिशानिर्देश की प्रति को राज्य के एसएलबीसी, क्षेत्रीय ग्रामीण बैंक और पहचाने गए जिले में कार्य कर रहे वाणिज्यिक बैंकों के नियंत्रक कार्यालयों में परिचालित करें. आपसे यह भी अपेक्षित है कि इस परियोजना के बारे में, इसके परिचालनात्मक दिशानिर्देशों के बारे में और परियोजना को अमल में लाने से संबंधित मुद्दों के मामले में पहचाने गए जिलों के जिला विकास प्रबंधकों को दिशानिर्देश देंगे. कृपया इस योजना को शीघ्र अमल में लाने के लिए उचित कार्रवाई प्रारंभ करें, जिसमें परियोजना के संबंध में आवश्यक एक्सपोजर प्रदान करना, कार्यान्वयक एजेंसी जैसे कि गैर-सरकारी संगठनों की पहचान करना, नोडल बैंक शाखाओं की पहचान करना, प्रशिक्षण कार्यक्रम की रूपरेखा तैयार करना और उसे आयोजित करना शामिल है. कृपया अनुलग्नक VIII में दिए प्रारूप में स्वयं सहायता समूहों के गठन, बचत और ऋण से जोड़ने से संबंधित प्रखण्डवार आधारभूत आँकड़ों की 31 दिसम्बर 2011 की स्थिति हमें 29 फरवरी 2012 तक भेजना सुनिश्चित करें ताकि इस परियोजना के तहत हुई प्रगति का अनुप्रवर्तन हमारे द्वारा किया जा सके.



(एस.एल.कुम्भारे)
मुख्य महाप्रबंधक

संलग्न : परिचालनात्मक दिशानिर्देश

ANNEXURE-I

Operational Guidelines: Scheme for Promotion of Women SHGs in Backward Districts of India- leveraging NGOs as Business Facilitators

I. Introduction

The experience gathered over the years in promotion and nurturing of SHGs especially in resource poor regions, suggests the need for support organization involved to continuously guide and nurture the members of the SHG. With the increasing number of groups financed by bank branches, it's observed that banks are unable to provide undivided attention for monitoring large number of groups. Therefore, there is a need for support organizations for monitoring and facilitating continuous linkage with banks. This project is an attempt at having NGO-SHPI to work as Business Facilitator (BF), for banks to enable them to serve not merely as an SHPI for promoting and enabling credit linkage of these groups with banks, but also serving as a banking / business facilitator, tracking, monitoring these groups and also being responsible for loan repayments.

The scheme envisages identification of an anchor NGO in each of the select backward districts of the country, which will work as promoting and nurturing agency for SHGs as also facilitator bank linkages and recovery of loans from SHGs for a due consideration. This approach is expected to facilitate sustained financial inclusion through bank loan, promote livelihood development of women and deliver social development programmes for Women through SHGs.

2. Objectives of the scheme are:

- a) to provide access to sustainable banking services to the poor households in rural hinterlands by formation and nurturing of women SHGs.
- b) to converge other development programmes aimed at poor women / households through these groups.
- c) to promote and support livelihood development programmes for the poor through SHGs.

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d) to socio-economically empower the poor women through these initiatives.

3. Scheme

- i. The scheme is for promotion of Women Self Help Groups in select districts of the country through identified NGOs / other support organisations. GOI circular dated 4 January 2012 in this regard is enclosed as **Annexure II**
- ii. Lead Bank of the selected district in coordination with the DDM, NABARD will be responsible for implementation, monitoring and coordination of the scheme in the district.
- iii. The scheme would be implemented primarily through two nodal bank branches, having CBS facility, in each block of the identified districts. The LDM in coordination with DDM, NABARD with the approval of DLCC will select the implementing branches, which may be the Lead bank or that of any other Commercial Bank, RRB, Local Area Bank, Urban Cooperative Bank. However, if the SHGs (client) are desirous to open accounts and transact business with any non-nodal bank branch in its neighborhood, it may do so with the consent of the stakeholders involved. This would entail, signing an MOU and levying of service charges as envisaged under the project.
- iv. It is desirable that each such branch of the bank has one nodal person for handling all matters related to SHGs including opening of SB accounts, processing of credit requests, monitoring etc.
- v. The NABARD, DDM will arrange need based awareness programmes and capacity development programmes for all such identified staff members of the participating banks and other key stakeholders in the programme. LDM and DDM will jointly visit the identified branches occasionally and address on the job issues being faced by the staff of the banks while dealing with SHGs.
- vi. The Banks will preferably extend cash credit limit to SHGs as per the guidelines issued by Department of Financial Services on 17th November 2011.

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4. Area of operation of the Scheme

As the first phase of the project, the scheme will be operational in 24 backward districts of the country identified by the Ministry of Finance. List of districts identified is enclosed - Annexure III.

5. Selection of NGOs/ other support organizations

- I. The lead bank of the district in consultation with District Development Manager, NABARD and DLCC, will identify one NGO for each district. In districts, where no NGO is operating, LDM may seek the support of other resource NGOs from other regions to set up base in the district or seek support of other support organizations for the task.
- II. While selecting the NGO, agency having deeper understanding of SHG-Bank Linkage programme and past experience of formation and credit linkage of SHGs should be given preference. The selected NGOs should have a track record of being in existence for at least three years. Wherever NGOs with sufficient experience of SHG formation are not available, extensive training arrangements will have to be arranged for them in collaboration with other resource NGOs.
- III. There should be due diligence done on composition of Board of Management, staff, institutional sustainability and track record of the NGOs/ other support organizations. Before empanelling a NGO / other support organization for the programme, discreet enquiries about the antecedents may be made with local bodies/ institutions/ govt. departments.
- IV. The NGOs must not undertake any such activity that may cause harm to public order. The NGOs/ other support organizations should not be blacklisted by the State Government or any other agencies like RMK, CAPART, NABARD, etc.
- V. The NGOs / support organization identified must have filed last due accounts with the respective regulator.
- VI. While the identified NGO / support organization will serve as the key implementing agency of the programme, it may also work in partnership with



local and smaller sized field NGOs/ organizations. Costs associated with such partnership arrangements will have to be met from out of the promotional grant envisaged under the project for the anchor NGO.

- VII. The bank branch will enter into an MoU with the identified NGO / support organization; the draft is enclosed as Annexure-IV. An indicative list of NGOs operating in these districts is enclosed in Annexure V. However, the selection of the NGO will be made based on the selection criteria and discrete assessments as listed above. Satisfactory association with NABARD / developmental projects in the district can be considered as a desirable feature and due weightage may be given for this.

6. Capacity Building of Staff

- I. The need for training of the staff of the participating bank branches may be jointly assessed by LDM and DDM. The proposal for organizing training and capacity building of the bank staff may be submitted to the concerned RO of NABARD. This could form a part of the annual budget for training under SHG-Bank Linkage programme of NABARD, Regional Office's allocation under Women Self Help Group Fund (WSHG Fund)¹. The training schedule, its content and coverage may be as per the modules developed by NABARD-HO and may be carried out by leveraging suitable resource organizations /key resource faculty for the purpose.
- II. Though, NGOs experienced in SHG-Bank Linkage are to be engaged for the project, the felt need for training or capacity enhancement of these implementing agencies may also be suitably assessed and incorporated under the training budget as suggested above.

7. Role of NGOs/ other support organizations

¹ Promotional support will be similar to mFDEF only. Guidelines for WSHG Fund will be released separately to Regional Offices.



- I. The scheme provides that identified NGOs/ other support organizations organize poor to form SHGs, nurture, handhold and guide them to mobilize their thrift /savings and then set up linkage with the identified banks. Further, these SHGs will be appropriately trained for facilitating credit linkages, and also access other financial services including institutional credit for livelihood development etc.
- II. The NGO will be required to map potential for formation of groups of women from poor households in the district on the basis of data on population (census 2011) and number of poor households likely to be under the poverty estimates as suggested by socio-economic survey carried by the State Govt / Tendulkar Committee, which could be considered as a proxy for financial exclusion. Based on the exercise, the identified NGO will submit a proposal to NABARD for promotion, nurturing and handholding of SHGs. The project may be suitably phased keeping in view the institutional capacity and to ensure coverage of the mapped potential, starting from 2012-13.
- III. The identified NGOs / Partner organizations will be supported with grant assistance on a per group basis. The endeavor will be to facilitate identified NGOs / partner organizations to look at this as a long term partnership for not only formation of SHGs but also developing livelihood development programmes through convergence of various schemes of the Government. No financial intermediation will be carried out by the NGOs.
- IV. The identified NGOs / Partner organizations would ensure that SHG members do not resort to multiple borrowings and multiple memberships in different SHGs and other forms for accessing credit much beyond the debt servicing capacities.

8. Financial Support to NGOs

The identified NGOs / Partner organizations will be eligible for grant assistance to the maximum of Rs 10,000 per SHG from WSHG Fund. However, actual



assistance per group will be decided on case-to-case basis based on various factors as enumerated in NABARD's guidelines on the subject. An initial installment of the grant assistance (5% of the sanctioned assistance) will be released upfront, on acceptance of the terms and condition of sanction and also based on phasing of the work proposed for formation of SHGs. The balance promotional grant amount will be released in installments as per the following schedule after due recommendation of the Project Implementation and Monitoring Committee (PIMC):

Ist installment - 15% on groups being savings linked / opening of SB accounts

IInd installment - 30% on groups being Credit linked

IIIrd installment - 25% one year after credit linkage and satisfactory conduct of loan account, as also organizing refresher training & audit.

IVth installment - 25% two years after credit linkage on satisfactory performance of SHGs and loan accounts.

9. Type of Credit Product

All loans to new SHGs promoted will preferably be under the cash credit mode. The promoting NGO will ensure that the interest on these cash credit loans is serviced by SHGs at monthly rests. In order to build necessary financial discipline in the SHGs being financed under cash credit mode, each drawal from the limit sanctioned is to be repaid in a maximum period of twelve months from the date of drawal. Further, to better enforce and monitor the functioning of such limits, banks may annually review and enhance the cash credit limits after ensuring that besides interest, principal amount are also repaid promptly as suggested above. The above criteria will be applicable only in case of the future drawals. Promoter NGOs / support organizations may also encourage SHGs to keep even their surplus fund in the cash credit account, thereby, reducing the interest burden as also minimizing the chances of such accounts turning out of order. It may however, be ensured that the loans from SHG to its members will be based on existing terms / fixed terms / tenures based on the decision of the group members.

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10 . Interest Rate and Incentives for NGOs/ other support organizations

- I. As outlined in the Ministry of Finance letter under reference, the banks, may lend to SHGs at a rate not more than Bank's base rate plus 5% per annum on the cash credit limit.
- II. A Service Charge of 5% per annum on monthly average loan outstanding shall be paid by the bank to the respective NGOs / partner organizations, subject to 10(III) below. The service charge /margin are expected to meet the administrative, transaction and risk cost of the NGOs.
- III. The NGO will be responsible for all follow-up for recovery from SHGs and any overdue will be deducted by the bank from the service charge payable to NGOs.
- IV. The banks shall pay to the NGO each month on the basis of average outstanding credit of SHGs after deducting any overdues / out of order amount. The amount shall be credited in the account of the NGOs through CBS on its own without seeking any documentation from the NGOs on the basis of the loan extended by the bank to SHGs promoted by the NGO.

11. Monitoring the Scheme

The NGO would be required to set up a Project Implementation Monitoring Committee (PIMC) consisting of representatives from the NGO, NABARD, LDM, and one member each from the nodal branches to oversee the implementation of the programme. The PIMC will meet and review the implementation at least on a quarterly basis. It may also devise an appropriate reporting system to assess the performance of the NGO. A proforma prescribed for reporting progress (Annexure VI) made under the project to NABARD Regional office is enclosed. The scheme will be monitored and grant installments will be released to NGO / partner organization on the basis of returns submitted by the NGO on a quarterly basis, duly vetted by PIMC (Annexure VII). This is



expected to be an interim measure, until suitable technology enabled approaches for monitoring these are grounded.

12. Other SHPI projects in the district

As the present proposal envisages comprehensive coverage of the SHG-Bank Linkage in the district, it's expected that no new proposal for promotion of SHGs will be considered by NABARD in these identified districts. It may however, be noted that the on-going SHPI proposals of NABARD will continue as planned.

13. Refinancing support

Refinance support shall be available to Banks under the existing scheme of NABARD.

14. Other action by Regional Offices of NABARD

Regional offices of NABARD are advised to circulate the copy of the guidelines to SLBC of the state as also to the RRB and the controlling offices of the Commercial Banks operating in the identified district/s. They also guide the District Development Managers in the identified districts about the project, its operational guidelines and issues connected with grounding the project. Suitable action may be initiated to ensure quick grounding of the project which interalia include, providing necessary exposure about the project, identification of implementing agency - NGO / support organization, identification of nodal bank branches, mapping and conduct of training programmes and ensure grounding of the project as envisaged. Regional Offices may also ensure submission of the base level data for block-wise position² of SHGs formation, savings and credit linkage as on 31 December 2011 in the format given as Annexure-VIII latest by 29 February 2012 to enable us to monitor the progress under the project.

