

F.No. 3/6/2011-AC
Government of India
Department of Financial Services
(AC Section)

*Jeevan Deep Building, Parliament Street,
New Delhi, dated 30th March, 2012*

To

1. The Chairman, NABARD, HO-Mumbai.
2. Chairman/CMDs of all PSBs

Subject:- Women SHGs Development Fund - Operational Guidelines

Sir,

I am directed to say that it has been decided to create a fund called “**Women SHGs Development Fund**” with a corpus of `500 crore to empower women and promote their Self Help Groups (SHGs). The fund would be operated by NABARD.

1. Objective:

The Women SHGs Development Fund (herein after referred to as fund) would be used to address issues related to imbalances and State wise disparities in the SHG Bank Linkage programme with particular focus on women SHGs in backward regions identified in consultation with the Ministry of Rural Development where the progress of SHG Bank Linkage is slow. The fund shall be utilised for providing refinance to banks against the first time loans given to women SHGs developmental activities, financing micro enterprises set up by Women SHGs and supporting the promotion of Women SHGs in the Project Area.

2. Project Area:

The project will be implemented in districts where the progress in SHG-Bank Linkage Programme has been relatively slow. Such underserved districts will be identified in consultation with the Ministry of Rural Development. At present, this Department in consultation with Ministry of Rural Development has identified 30 districts, as per the details given in the Annexure. The scope of the project area will be increased to cover more number of districts in tune with the National Rural Livelihood Mission (NRLM) programme in consultation with the Ministry of Rural Development.

3. Implementing Agencies:

The project will be implemented by NABARD in association with Regional Rural Banks, Co-operative Banks and Commercial Banks and such other institutions focused on promotion and support of women's SHGs through their branches in selected districts as indicated in para 2.

4. Allocation of the Fund:

The Fund shall be allocated as under:

S.No	Particulars	Fund allocation*
1	Refinance on soft interest terms to eligible agencies (RRBs, Cooperative Banks, Commercial Banks) for financing new Women SHGs in the project area. It can also be provided to existing Women SHGs which have opened Saving Bank Accounts but have never availed loan including cash credit limit from the bank.	Not less than 80% of the allocated fund as may be necessary
2	Refinance to the banks for financing micro enterprises (income generating activities with fixed assets) set up by Women SHGs will be provided under the project at soft rate of interest for a period of not less than one year and not exceeding three year.	
3	Supporting promotion of Women SHGs in project area	Not more than 20% of the allocated fund

*The allocation of the Fund is indicative only and the same may be interchangeable, based on the emerging needs and requirements as also availability of the Fund. This shall be decided by the Steering Committee mentioned in 9(ii).

5. Disbursements from the Fund:

5.1 The rate of interest charged by the banks from the women SHGs will be as follows:

- (a) As per the guidelines in case of any Government subsidy scheme. **Refinance facility will not be available to the banks, if SHGs are accessing interest subsidy under NRLM or any other Govt. of India scheme.**
- (b) 7% per annum if banks do not have to bear the cost of development of SHG Groups.

(c) 7% per annum, in addition to this banks may also charge development cost in accordance with the SHG circular issued on 4th January, 2012.

The difference between rate of interest which would be charged to women SHGs by the bank and the rate of interest for refinance shall not exceed 3%. The refinance will also be eligible for existing women SHGs which have opened Saving Bank Accounts but have not availed bank loan including cash credit limit from the Bank. However, preference will be given to SHGs which have not been covered under Govt. sponsored programmes.

5.2. The eligible banks will also be provided refinance at 4% p.a. or at such rate as decided by Govt. from time to time for financing micro enterprises set up by women SHGs under the project, for a period of not less than one year and not exceeding three years.

5.3 The Banks may charge such higher rates of interest as to cover the costs of supporting the promotion of SHGs, till such time as the NRLM programme of the Ministry of Rural Development is extended to the district. Thereafter the banks shall charge 7% interest per annum to all Women SHGs.

5.4. The NABARD refinance will be repaid by banks over a period of three years.

6. Grant Support to Banks for Promotion of women SHGs:

Grant support will be available for promotion of women SHGs in the project area. Banks may avail the services of NGOs or other support organisations for promotion and nurturing of SHGs. Grant assistance upto ` 10,000 per women SHG will be released in suitable installments as per the terms and conditions laid down by NABARD while sanctioning the project.

7. Rates of Interest to be charged by Banks to women SHGs:

The rate of interest charged by bank from the women SHGs will be 7% per annum on loans as per cash credit limit guidelines. Loans will be provided by banks to these SHGs repayable over three years (or the actual period of bank loan) on half-yearly basis alongwith interest.

8. Operations of the Fund:

(i) The Fund will be operated by NABARD and kept in a separate account titled '**Women Self Help Group Development Fund**'. The repayments of refinance and interest received thereon from banks will be credited to the Fund.

(ii) A suitable Management Information System (MIS) shall be put in place by NABARD to monitor the progress under the Project. NABARD will also conduct

monitoring visits and test checks as required. The monitoring of the end use of the 'Fund' at ground level could also be out sourced and be borne by NABARD out of administrative charges as mentioned in para 8(iii) below.

(iii) NABARD will be entitled to receive service charges @ 0.30% of the Fund utilised in any year as administrative and monitoring expenses during the financial year.

9. Steering and Implementation :

(i) A dedicated Aajeevika Unit will be set up in NABARD to work in close coordination with Ministry of Rural Development for rolling out the implementation of the guidelines of this fund. The funding requirements for NRLM initiatives will be from Ministry of Rural Development separately.

(ii) A Steering Committee consisting of Jt. Secretary, Department of Financial Services, Ministry of Finance, Jt. Secretary, Ministry of Rural Development and Executive Director, NABARD will be set up to oversee the implementation and monitoring of the Fund.

(iii) Any changes/modifications in the operational guidelines of this fund as per the requirements arising out of implementation issues can be made only with the approval of the Government of India.

10. All Banks and NABARD are advised to ensure the implementation of this Scheme.

Yours faithfully

(M.S. Azad)

Under Secretary to the Government of India

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Copy to:

- (i) The Secretary, Ministry of Rural Development, Krishi Bhawan, New Delhi
- (i) Chairman of all RRBs.
- (ii) All Convenors of SLBCs
- (iii) CEOs of all Private Sector Banks
- (iv) DF, RBI, Mumbai.
- (v) Chairman, LIC.
- (vi) PS to FM/PS to MOS.
- (vii) PPS to Secy(FS)/ PS to AS(FS)/ PS to all JSs in DFS
- (viii) NIC for uploading on website of this Department.

List of Districts identified for WSHG project

Sr. No	State	Name of districts
1	Andhra Pradesh(16)	Srikakulam, East Godavari, Guntur(Andhra Bank), Adilabad, Nizamabad, Nalgonda, Khammam, Karimnagar (State Bank of Hyderabad),Warangal,Vizianagaram, Visakaapatnam, Mehboob nagar, Medak (SBI), Prakasham, Anantpur,Kurnool(Syndicate Bank)
2	Arunachal Pradesh (2)	Dibangvalley , Westsiang (SBI)
3	Assam(4)	North Cachar Hills, Karbi Angling (SBI), Dhemaji(UBI), Kokrajhar(UCO)
4	Bihar (16)	Navada, Nalanda, Rohtash, Patna, Jahanabad, Kaimur, Bhojpur,Gaya, Aurangabad,Arwal, (PNB), Jamuui(SBI), Munger (UCO), Vaishali, East Champaran, West Champaran (CBI), Sitamarhi (BOB)
5	Chattisgarh (10)	Korea (Baikunthpur),Sarguja(CBI), Rajnandgaon(Dena Bank), Bijapur, Bastar, Dantewara,Jaspur, Kanker, Narayanpur(SBI), Kawardha(SBI)
6	Goa (1)	North Goa(SBI)
7	Gujarat (2)	Dangs, Dahod(BOB)
8	Haryana (2)	Sirsa(PNB),Mewat (Syndicate Bank)
9	Himanchal (2)	Simour(UCO), Mandi (PNB)
10	Jammu & Kashmir (3)	Poonch, Kupwara (J&K Bank), Doda(SBI)
11	Jharkhand (18)	Kodarma, Gumla, Hazaribagh, Westsinghbhoom, Dhanbad, Eastsinghbhoom, Chatra,SaraikulaKharaswan,Simgoda, Khunti,Ranchi, Ramgarh, Lohardaga, Giridih and Bokaro (BOI) Garhwa, Palamu, Latehar (SBI)
12	Karnataka (2)	Chitradorg(Canara Bank),Gulbarga(SBI)
13	Kerala (2)	Palakkad, Wynad(Canara Bank)
14	Madhya Pradesh (9)	Balaghat (CBI),Rewa(UBI), Annuppur, Dindori, Mandla,Seoni,Sahdol (CBI),Sidhi (UBI),Umaria(SBI)
15	Maharashtra (6)	Dhule(CBI),Nanded(SBI),Chandarpur,Gadchiroli,Gondia(BOI),

		Nandurbar(SBI)
16	Manipur (2)	Tamanlong (UBI),Churachandrapur(SBI)
17	Meghalaya (2)	Westgarohills, Southgarohills(SBI)
18	Mizoram(2)	Lunglei,Lawngtlai(SBI)
19	Nagaland(2)	Mon,Tuensang(SBI)
20	Odisha(19)	Dhenkanal(UCO),Sundergarh,Sambhalpur,Rayagada,Nayagarh,Navarangpur,Manlakngiri,Koraput,Kandhmal,Jajpur,Devgarh(SBI),Mayurbhang,Keonjhar(BOI),Ganjham,Gajpati(AndhraBank),Banlangir,Kalahandi, Nuapada, Sonepur(SBI)
21	Punjab (1)	<u>Hoshiarpur</u> (PNB)
22	Rajasthan (4)	Banswara, Dungarpur(BOB), Barmer (SBBJ), Jhalawar (SBI)
23	Sikkim (2)	Sikkim East,Sikkim North (SBI)
24	TamilNadu (2)	Nagar Coil (IOB), Nagapattinam (IOB)
25	Tripura (2)	West Tripura,Dhalai (UBI)
26	Uttar Pradesh (8)	Chitrakoot(Allahabad Bank), Jaunpur(UBI),Kaushambi (BOB), Mirzapur,Mahoba,Sonebhadra , Balrampur (Allahabad Bank), Chanduali (UBI),
27	Uttrakhand (2)	Chamouli (SBI), Tehrigarhwal (SBI)
28	West Bengal (6)	Bhirbhoom (UCO Bank), Jalpaigurhi(CBI), Bankura, Midnapur West, Purulia, Malda (UBI)
29	Dadar & Nagar Haveli (1)	Dadar Nagar Haveli (Dena Bank)