

Ref. No.NB.MCID / 267 / DAY-NRLM-Policy / 2023-24

Circular No. 96 / MCID-02 / 2023

24 May 2023

(1) The Chairman

All Regional Rural Banks (RRBs)

(2) The Managing Director

All State Cooperative Banks / District Central Cooperative Banks

Madam / Dear Sir,

Master Circular on Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) & Interest Subvention Scheme for Women SHGs under DAY-NRLM for the Year 2023-24

Please refer to our circular letter NB.MCID / 842/DAY-NRLM-Policy/ 2022-23 dated 26 August 2022 on the captioned subject. The Master Circular on Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) and revised guidelines for operationalization of Interest Subvention Scheme for the year 2023-24 under DAY- NRLM issued by Reserve Bank of India, are annexed herewith (Annexure I & II). Please ensure adherence to the instructions.

2. The detailed guidelines on the availability of concessional refinance from NABARD for financing Women SHGs under the scheme will be issued separately.

3. Banks may submit the interest subvention claims in the prescribed forms (Annexure VI & VII).

Yours faithfully,

(L. Leivang)

Chief General Manager

Encls.:As above

राष्ट्रीय कृषि और ग्रामीण विकास बैंक

National Bank for Agriculture and Rural Development

सूक्ष्म ऋण नवप्रवर्तन विभाग

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Annexure I

Master Circular - Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)

1. Background

The Ministry of Rural Development (MoRD), Government of India launched the National Rural Livelihood Mission (NRLM) by restructuring Swarnajayanti Gram Swarojgar Yojana (SGSY) with effect from 01st April 2013 (RBI Circular No. RBI/2012-13/559 dated 27 June 2013). NRLM was renamed as DAY-NRLM (Deendayal Antyodaya Yojana - National Rural Livelihoods Mission) w.e.f. March 29, 2016. The DAY-NRLM is the flagship program of Government of India for promoting poverty reduction through building strong institutions of the poor, particularly women, and enabling these institutions to access a range of financial services and livelihoods. DAY-NRLM adopts a demand driven approach, enabling the States to formulate their own State specific poverty reduction action plans. The key features of DAY-NRLM have been furnished in Annex I (a).

2. Women SHGs and their Federations

2.1 DAY-NRLM promotes affinity-based women Self Help Groups (SHGs). However, only in case of groups to be formed with persons with disabilities and other special categories like elders and transgenders, DAY-NRLM may have both men and women in the Self-Help Groups.

2.2 Women SHGs under DAY-NRLM consist of 10-20 members. In case of special SHGs i.e. groups in the difficult areas, groups with disabled persons, and groups formed in remote tribal areas, this number may be a minimum of 5 members.

2.3 Federations of Self Help Groups formed at village, gram panchayat, cluster or higher level may be registered under appropriate Acts prevailing in their respective states.

Financial Assistance to the SHGs

3. Revolving Fund

DAY-NRLM, MoRD, will provide Revolving Fund (RF) support as corpus ranging between ₹20,000 - ₹30,000 per SHG to strengthen their institutional and financial management capacity and build a good credit history within the group. SHGs in existence for a minimum period of 3/6 months and follow the norms of good SHGs known as '*Panchasutras*', viz., regular meetings, regular savings, regular internal lending, regular recoveries and maintenance of proper books of accounts, and which have not received any RF earlier will be eligible for such support.

4. Capital Subsidy

No capital subsidy would be sanctioned to any SHG under DAY-NRLM.

5. Community Investment Support Fund (CIF)

CIF will be provided by MoRD to the SHGs promoted under DAY-NRLM in all blocks and will be routed through the village level/cluster level federations, to be maintained in perpetuity by the federations. The CIF may be used by the federations to advance loans to the SHGs and/or to undertake common/collective socio-economic activities.

6. Interest Subvention

DAY-NRLM has a provision for interest subvention for women SHGs. Salient features of the Scheme are enclosed in Annexure II.

7. Role of banks:

7.1 Opening of Savings/Current Accounts: The role of banks would commence with opening of accounts for all SHGs including those having members with disability and for the federations of SHGs.

(i) SHGs engaged in promoting of saving habits among their members would be eligible to open savings bank accounts.

(ii) For KYC verification pertaining to SHG members, instructions in the Master Direction on KYC (dated February 25, 2016, as updated from time to time) issued by Reserve Bank of India shall be adhered to. As regards submission of PAN/Form 60 by SHGs, banks shall be guided by Section 33 A(b) of the Master Direction on KYC.

(iii) Business Correspondents deployed by banks may also be authorized to open saving bank accounts of SHGs, subject to adherence to extant BC guidelines and in accordance with banks' Board approved policy on Business Correspondents.

(iv) Opening of savings account of all members with the bank shall not be made a prerequisite for credit linkage of SHGs. Banks are advised to maintain separate savings and loan accounts for SHGs.

(v) Banks are advised to open savings accounts of federations of SHGs at village, gram panchayat, cluster or higher level. These accounts may be categorized as savings account for 'Association of persons'. The 'Know Your Customer' (KYC) norms for the signatories of such accounts as specified from time to time by Reserve Bank of India would be applicable.

(vi) Banks are advised to open current accounts for Producer Groups promoted under DAY-NRLM at village, gram panchayat, cluster or higher level. The 'Know Your Customer' (KYC) norms for the signatories of such accounts as specified from time to time by Reserve Bank of India would be applicable.

7.2 Transaction in Savings/Cash Credit account of SHGs and Federation of SHGs

(i) SHGs and their federations may be encouraged to transact through their respective savings/cash credit accounts.

(ii) Banks are advised to put in place dual-authentication facility in both ON-US and OFF-US¹ environment to enable SHGs to perform transactions in jointly operated savings/cash credit accounts at retail outlets managed by Business Correspondents. Banks are also advised to extend all such services to SHGs and their federations through Business Correspondents as per their board approved policies.

7.3 Lending to SHGs and their individual members

7.3.1 Eligibility Criteria for SHGs to avail loans:

- (i) SHGs should be in active existence for at least 6 months as per their books of accounts (and not from the date of opening of S/B account).
- (ii) SHGs should be practicing '*Panchasutras*' i.e., regular meetings, regular savings, regular inter-loaning, timely repayment and up-to-date books of accounts.
- (iii) SHGs should qualify as per grading norms fixed by NABARD. As and when the federations of SHGs come into existence, the grading exercise may be done by the federations to support banks.
- (iv) The existing defunct SHGs are also eligible for credit if these are revived and continue to be active for a minimum period of three months.

7.3.2 Loan Application:

- (i) All banks may use the Common Loan Application Forms devised by Indian Banks' Association (IBA) for extending credit facility to SHGs.
- (ii) Banks may encourage SHGs to submit loan applications online through the system developed by DAY-NRLM and the National Portal for Credit Linked Schemes.

7.3.3 Loan amount

- (i) Emphasis is laid on multiple doses of assistance under DAY-NRLM. This would mean assisting a SHG over a period of time, through repeat doses of credit, to enable the group to access higher amounts of credit for taking up sustainable livelihoods and improving the quality of life.

¹ Dual authentication: Transaction authenticated by two members of the SHG through their Aadhaar and biometrics. NPCI has enabled dual authentication for both intra-bank (SHG account and BC/terminal belonging to the same bank) and inter-bank (SHG account and BC/terminal belong to the different banks) transactions.

ON-US/ intra bank transactions: Such transactions where the instrument that is used for the transaction is issued by the same bank whose terminal is acquiring the transaction

OFF-US/ inter bank transactions: Such transactions where the instrument that is used for the transaction is issued by a bank which is different from the bank whose terminal is acquiring the transaction.

(ii) SHGs may avail either Term Loan (TL) or a Cash Credit Limit (CCL) or both based on their requirement. In case of need, additional loan may be sanctioned even though the previous loan is outstanding, based on the repayment behaviour and performance of the SHG.

(iii) In case of CCL, banks are advised to sanction a minimum loan of ₹6 lakh to each eligible SHG 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:

- a. DP for the first year: 6 times of the existing corpus or minimum of ₹1.5 lakh, whichever is higher.
- b. DP for the second year: 8 times of the corpus at the time of review/enhancement or minimum of ₹3 lakh, whichever is higher.
- c. DP for the third year: Minimum of ₹6 lakh based on the Micro Credit Plan (MCP) prepared by SHG and appraised by the federations/support agency and the previous credit history.
- d. DP for the fourth year onwards: Above ₹6 lakh, based on the MCP prepared by SHG and appraised by the federations/support agency and the previous credit history.

(iv) In case of Term Loan, banks are advised to sanction loans in doses as mentioned below:

- a. First dose: 6 times of the existing corpus or minimum of ₹1.5 lakh, whichever is higher.
- b. Second dose: 8 times of the existing corpus or minimum of ₹3 lakh, whichever is higher.
- c. Third dose: Minimum of ₹6 lakh, based on the MCP prepared by SHGs and appraised by the federations/support agency and the previous credit history.
- d. Fourth dose onwards: Above ₹6 lakh, based on the MCP prepared by SHGs and appraised by the federations/support agency and the previous credit history.

(Corpus is inclusive of revolving funds, if any, received by the SHG, its own savings, interest earned by the SHG from on-lending to its members, income from other sources, and funds from other sources in case of promotion by other institutes/NGOs.)

(v) Banks are advised to take necessary measures to ensure that eligible SHGs are provided with repeat loans.

7.3.4 Credit facilities to SHG members

(i) In order to facilitate women SHG members to graduate to entrepreneurs, banks may consider extending loans up to ₹10 lakh to individual members of select matured and well performing SHGs (SHGs which are more than 2 years old and have accessed at least one dose of bank loan with timely repayment) as per their lending policy. The individual should be running a viable economic enterprise. Banks are advised to share

data on individual loans to women SHG members in a mutually agreed format and periodicity with DAY-NRLM.

(ii) One woman in every SHG under DAY-NRLM may be provided loan up to ₹1 lakh under the MUDRA Scheme, if she is otherwise eligible.

(iii) Banks are advised to provide minimum OD facility of ₹5000 to every woman SHG member having PMJDY account in accordance with the guidelines issued by Indian Banks' Association (IBA). Banks may regularly share data on OD limit to members of women SHGs in a mutually agreed format and periodicity with DAY-NRLM.

7.3.5 Purpose of loan and repayment:

(i) The loan amount would be distributed among members based on the MCP prepared by the SHGs. The loans may be used by members for meeting social needs, high cost debt swapping, construction or repair of house, construction of toilets and taking up sustainable livelihoods or to finance any viable common activity started by the SHGs.

(ii) In order to facilitate use of loans for augmenting livelihoods of SHG members, at least 50% of loans above ₹1 lakh, 75% of loans above ₹4 lakh and at least 85% of loans above ₹6 lakh should be used primarily for income generating productive purposes. MCPs prepared by SHGs would form the basis for determining the purpose and usage of loans.

(iii) Repayment schedule for Term Loans may be as follows:

- a. The first dose of loan may be repaid in 24-36 months in monthly/quarterly instalments.
- b. The second dose of loan may be repaid in 36-48 months in monthly/quarterly instalments.
- c. The third dose of loan may be repaid in 48-60 months based on the cash flow in monthly/quarterly instalments.
- d. From the fourth dose onwards loans may be repaid between 60-84 months based on the cash flow in monthly/quarterly instalments.

(iv) All credit facilities sanctioned under DAY-NRLM would be governed by the asset classification norms issued by Reserve Bank of India from time to time.

7.3.6 Security and Margin:

(i) For loans to SHGs up to ₹10 lakh, no collateral and no margin will be obtained. No lien should be marked against savings bank accounts of SHGs and no deposits should be insisted upon while sanctioning loans.

(ii) For loans to SHGs above ₹10 lakh and up to ₹20 lakh, no collateral should be obtained, and no lien should be marked against savings bank account of SHGs. However, the entire loan (irrespective of the loan outstanding, even if it subsequently goes below ₹10 lakh) would be eligible for coverage under Credit Guarantee Fund for Micro Units (CGFMU).

(iii) For loans to SHGs above ₹10 lakh and up to ₹20 lakh, a margin not exceeding 10% of the loan amount exceeding ₹10 lakh may be obtained as per the bank's approved loan policy.

7.3.7 Dealing with Defaulters:

Wilful defaulters should not be financed under DAY-NRLM. In case wilful defaulters are members of a group, they may be allowed to benefit from the thrift and credit activities of the group including the corpus built up with the assistance of Revolving Fund. However, as regards credit facilities, the group may be financed excluding such defaulters while documenting the loan. Banks should not deny loans to SHGs on the grounds of family members of individual members of SHG being defaulters with the bank. Further, non-wilful defaulters should not be debarred from receiving loans. In case default is due to genuine reasons, banks may follow the norms prescribed for restructuring the credit facilities.

7.3.8 Documentation and follow-up:

(i) Loan pass books or statement of accounts in regional languages may be issued to the SHGs which may contain all the details of the loans disbursed to them and the terms and conditions applicable to the loan sanctioned. The passbook should be updated with every transaction made by SHGs. At the time of documentation and disbursement of loan, banks may clearly explain the terms and conditions as part of financial literacy.

(ii) Bank branches may designate one fixed day in a fortnight to enable the staff to go to the field and attend the meetings of SHGs and Federations to observe the operations of SHGs, keep a track of the regularity of SHGs' meetings and monitor their performance.

8. Recovery:

Prompt repayment of the loans is necessary to ensure the success of the programme. Banks shall take all possible measures, such as personal contact and organization of joint recovery camps with District Mission Management Units (DMMUs)/District Rural Development Agency (DRDAs) to ensure recovery of loans. Keeping in view the importance of loan recovery, banks should prepare a list of defaulting SHGs under DAY-NRLM every month and furnish the list in the Block Level Bankers Committee (BLBC) and District Consultative Committee (DCC) meetings. This would enable the DAY-NRLM staff at the block/district level to assist bankers in initiating recovery.

9. Credit Target Planning and Monitoring of the Scheme

(i) Banks may set up cells for Self Help Groups in their respective Regional/Zonal offices. These cells should periodically monitor and review the flow of credit to the SHGs, ensure the implementation of the Scheme, collect data from branches and make available consolidated data to the Head Office and the DAY-NRLM units at the districts/blocks. The consolidated data may also be discussed in the State Level

Bankers' Committee (SLBC), BLBC and DCC meetings regularly to maintain effective communication with state staff and all banks.

(ii) State Level Bankers' Committee: SLBCs shall constitute a sub-committee on SHG bank linkage. The sub-committee should consist of members from all banks operating in the State, RBI, NABARD, CEO of SRLM, representatives of State Rural Development Department, Secretary-Institutional Finance and representatives of Development Departments etc. Based on the Potential Linked Plan/State Focus Paper prepared by NABARD, the SLBC sub-committee on SHG Bank Linkage may arrive at the district wise, block-wise and branch-wise credit plan. The sub-committee should consider the existing SHGs, new SHGs proposed, and number of SHGs eligible for fresh and repeat loans as suggested by the SRLMs to arrive at the credit targets for the states. The targets so decided should be approved in the SLBC and reviewed and monitored periodically for effective implementation. The sub-committee shall discuss a specific agenda of review, implementation and monitoring of the SHG-Banklinkage and the issues/constraints in achievement of the credit target. The decisions of the SLBC should be derived from the analysis of the reports of the sub-committee.

(iii) The district-wise credit plans should be communicated to the District Consultative Committee (DCC). The block- wise/cluster-wise targets are to be communicated to bank branches through the Controllers.

(iv) District Consultative Committee: The DCC shall regularly monitor the flow of credit to SHGs at the district level and resolve issues that constrain such flow of credit. This committee should include DMMU staff representing DAY-NRLM and office bearers of SHG federations in addition to other members.

(v) Block Level Bankers Committee: The BLBC shall take up issues of SHG bank linkage at the block level. In this Committee, the SHGs/Federations of SHGs should be included as members to raise their voice in the forum. Branch-wise status of SHG credit shall be monitored at the BLBC.

(vi) Reporting to Lead District Managers: The branches may furnish the progress report and the delinquency report under various activities of DAY-NRLM in the format at Annex–III and IV to the LDM every month for onward submission to Special Sub Committee constituted by SLBC.

(vii) Reporting to RBI/ NABARD: Banks may furnish a state-wise consolidated report on the progress made under DAY-NRLM to RBI/ NABARD on quarterly basis within a month from the end of the concerned quarter.

(viii) Lead Bank Return (LBR): Existing procedure of submitting LBR is to be continued.

10. Financial Literacy:

Financial Literacy is one of the important strategies to spread awareness on financial behavior and keep households informed about various financial products and services. DAY-NRLM has trained and deployed a large number of cadre called 'Financial Literacy Community Resource Persons (FL-CRPs)' to carry out financial literacy camps at village level. Financial Literacy Centres (FLC) established by various banks may coordinate with respective SRLMs and utilize the services of FL-CRPs to conduct village camps on Financial Literacy.

11. Data Sharing:

(i) Banks may share the following data in mutually agreed formats/intervals with DAY-NRLM or State Rural Livelihood Missions (SRLMs). While sharing such data, banks may ensure conformity with the provisions of paragraph 25 of the Master Circular on Customer Service in Banks dated July 01, 2015. As regards consent of customers, as mentioned in para 25(iv) of the above Master Circular, banks may ensure that consent may be obtained specially and separately from the customers and not as a consent in the form of a general clause either in the applications for opening the account or for the loan.

(i) Data for initiating various strategies including recovery, etc., Such data may be drawn directly from the CBS platform.

(ii) Data of Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) to facilitate higher enrolment and claim settlement under the mentioned schemes.

(iii) Data of all SHG transactions being done at Business Correspondent points using dual authentication technology.

12. DAY-NRLM support to Banks:

(i) SRLM would develop strategic partnerships with major banks at various levels. It would invest in creating enabling conditions for both the banks and the poor for a mutually rewarding relationship.

(ii) SRLM would assist the SHGs through imparting financial literacy, extending counselling services on savings, credit, insurance, pension and training on micro investment planning embedded in capacity building.

(iii) SRLMs would extend support to banks for improving quality of banking services to poor clients including follow-up for recovery of over dues, if any, by positioning customer relationship managers (Bank Mitra/ Sakhi) with every bank branch involved in financing of SHGs.

(iv) Leveraging IT mobile technologies and institutions of the poor, youth or SHG members as business facilitators and business correspondents.

(v) Community Based Repayment Mechanism (CBRM): One exclusive sub-committee for SHG Bank Linkage may be formed at village/cluster/block level which would

provide support to banks in ensuring proper utilization of loan amount, recovery, etc. The bank linkage sub-committee members from each village level federation along with project staff would meet once in a month under the chairmanship of the Branch Manager in the branch premises with agenda items relating to bank linkage.

Annexure- I (a)

Key Features of DAY-NRLM

1. Universal Social Mobilization: To begin with, DAY-NRLM would ensure that at least one member from each identified rural poor household, preferably a woman, is brought under the SHG network in a time bound manner. Subsequently, both women and men would be organized for addressing livelihood issues i.e. farmers organizations, milk producers' cooperatives, weavers associations, etc. All these institutions are inclusive and no poor would be left out of them. DAY-NRLM would ensure adequate coverage of vulnerable sections of the society such that 50% of the beneficiaries are SC/STs, 15% are minorities and 3% are persons with disability, while keeping in view the ultimate target of 100% coverage of all households under the automatically included criteria and households with at least one deprivation criterion as per Socio-Economic and Caste Census (SECC).

2. Participatory Identification of Poor (PIP): DAY-NRLM would undertake a community based process for covering the target beneficiaries i.e. participation of the poor in the process of identifying the target group. Participatory process based on sound methodology and tools (social mapping and well-being categorization, deprivation indicators) and also locally understood and accepted criteria ensures local consensus that inadvertently reduces the inclusion and exclusion errors and enables formation of the groups on the basis of mutual affinity.

The households identified with at least one deprivation criteria as per Socio-Economic and Caste Census (SECC) along with households identified through the PIP process would be accepted as DAY-NRLM target group and would be eligible for all the benefits under the programme. The list finalized after PIP process would be vetted by the Gram Sabha and approved by the Gram Panchayat.

Till the PIP process is undertaken by the State in a particular district/block, the rural households with at least one deprivation criteria as per SECC list would be targeted under DAY-NRLM. As already provided in the Framework for implementation of DAY-NRLM, up to 30% of the total membership of the SHGs may be from among the population marginally above the poverty line, subject to the approval of other members of the group. This 30% also includes the poor households whose names do not figure in the SECC list but are as poor as those included in SECC list.

3. Promotion of Institutions of the poor: Strong institutions of the poor such as SHGs and their village level and higher-level federations are necessary to provide space, voice and resources for the poor and for reducing their dependence on external agencies. They empower them and also act as instruments of knowledge and technology dissemination, and hubs of production, collectivization and commerce. DAY-NRLM, therefore, would focus on setting up these institutions at various levels. In addition, DAY-NRLM would promote specialized institutions like Livelihoods collectives, producers' cooperative/companies for livelihoods promotion through deriving economies of scale, backward and forward linkages, and access to information, credit, technology, markets, etc. The Livelihoods collectives would enable the

poor to optimize their limited resource.

4. Strengthening all existing SHGs and federations of the poor: There are existing institutions of the poor women formed by Government efforts and efforts of NGOs. DAY-NRLM would strengthen all existing institutions of poor in a partnership mode. The self-help promoting institutions both in the Government and in the NGO sector would promote social accountability practices to introduce greater transparency. This would be in addition to the mechanisms that would be evolved by SRLMs and state governments. The learning from one another underpins the key processes of learning in DAY-NRLM.

5. Emphasis on Training, Capacity Building and Skill Building: DAY-NRLM would ensure that the poor are provided with the requisite skills for managing their institutions, linking up with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness, etc. A multi-pronged approach is envisaged for continuous capacity building of the targeted families, SHGs, their federations, government functionaries, bankers, NGOs and other key stakeholders. Particular focus would be on developing and engaging community professionals and community resource persons for capacity building of SHGs and their federations and other collectives. DAY-NRLM would make extensive use of Information, Communication & Technology (ICT) to make knowledge dissemination and capacity building more effective.

6. Revolving Fund and Community Investment Support Fund (CIF): A Revolving Fund would be provided to eligible SHGs as an incentive to inculcate the habit of thrift and accumulate their own funds towards meeting their credit needs in the long-run and immediate consumption needs in the short-run. The CIF would be a corpus and used for meeting the members' credit needs directly and as catalytic capital for leveraging repeat bank finance. The CIF would be routed to the SHGs through the Federations. The key to coming out of poverty is continuous and easy access to finance, at reasonable rates, till they accumulate their own funds in large measure.

7. Universal Financial Inclusion: DAY-NRLM would work towards achieving universal financial inclusion, beyond basic banking services to all the poor households, SHGs and their federations. DAY-NRLM would work on both demand and supply side of Financial Inclusion. On the demand side, it would promote financial literacy among the poor and provide catalytic capital to the SHGs and their federations. On the supply side, it would coordinate with the financial sector and encourage use of ICT based financial technologies, business correspondents and community facilitators like 'Bank Mitras'. It would also work towards universal coverage of rural poor against loss of life, health and assets. Further, it would work on remittances, especially in areas where migration is endemic.

8. Provision of Interest Subvention: The rural poor need credit at low rate of interest and in multiple doses to make their ventures economically viable. In order to ensure affordable credit, DAY-NRLM has a provision for subvention on interest rates.

9. Funding Pattern: DAY-NRLM is a Centrally Sponsored Scheme and the financing of the programme would be shared between the Centre and the States in the ratio of 60:40 (90:10 in case of North Eastern States including Sikkim; completely from the Centre in case of UTs). The Central allocation earmarked for states would broadly be distributed in relation to the incidence of poverty in the states.

10. Implementation in Blocks: The blocks that are taken up for implementation of DAY- NRLM, would have a full complement of trained professional staff and cover a whole range of activities of universal and intense social and financial inclusion, livelihoods, partnerships, etc.

11. Rural Self Employment Training Institutes (RSETIs): RSETI concept is built on the model pioneered by Rural Development Self Employment Institute (RUDSETI) – a collaborative partnership between SDME Trust and Canara Bank. The model envisages transforming unemployed youth into confident self-employed entrepreneurs through a short duration experiential learning programme followed by systematic long duration hand holding support. The need-based training builds entrepreneurship qualities, improves self-confidence, reduces risk of failure and develops the trainees into change agents. Banks are fully involved in selection, training and post training follow up stages. The needs of the poor articulated through the institutions of the poor would guide RSETIs in preparing the participants/trainees in their pursuits of self-employment and enterprises. DAY-NRLM would encourage public sector banks to set up RSETIs in all districts of the country.

Annexure II

Interest Subvention Scheme for Women SHGs

I. Interest subvention scheme on Credit to Women SHGs during the year 2023-24 for all Regional Rural Banks (RRBs), State Cooperative Banks and District Central Cooperative Banks in all districts

- i. The scheme is limited to Women Self Help Groups under DAY-NRLM in rural areas only.
- ii. For loans up to ₹3 lakh under the scheme, banks will extend credit at a concessional interest rate of 7% per annum. For outstanding credit balance upto ₹3 lakh, banks will be subvented at a uniform rate of 4.5% per annum during FY 2023-24.
- iii. For loans above ₹3 lakh and upto ₹5 lakh under the scheme, banks will extend credit at interest rate equivalent to their 1 year-MCLR or lending rate approved by the board of the Bank or any other external benchmark based lending rate or 10% per annum, whichever is lower. For outstanding credit balance above ₹3 lakh and upto ₹5 lakh, banks will be subvented at a uniform rate of 5% per annum during FY 2023-24. Regional Rural Banks and Cooperative Banks will be required to disclose their applicable benchmark rate or lending rates for credit above ₹3 lakh and upto ₹5 lakh to NABARD.
- iv. Interest Subvention will be payable only for the period during which an account remains in standard category. Illustrations on calculation of interest subvention are given as Annex V.
- v. Women SHGs promoted by other agencies and following the DAY-NRLM protocols will also be eligible for benefit of subvented loans subject to prior submission of the details of such SHGs on the DAY-NRLM SHG database.
- vi. RRBs and Cooperative Banks can take the advantage of concessional refinance from NABARD for lending to women SHGs under DAY-NRLM. The availability of concessional refinance from RRBs/Cooperative banks will be guided by the terms and conditions as laid down by NABARD. However, loans given by Banks to women SHGs through refinance from NABARD will not be eligible for interest subvention.
- vii. Detailed guidelines on concessional refinance for RRBs and Cooperative Banks will be separately issued by NABARD.
- viii. For the RRBs and Cooperative Banks the scheme will be operationalized by NABARD.
- ix. All RRBs and Rural Cooperative Banks who are operating on the Core Banking Solutions (CBS) can avail the interest subvention under the scheme.

- x. In order to avail the Interest Subvention on credit extended to women SHGs, banks may ensure that the accounts of SHGs (both savings and loan) under DAY-NRLM are appropriately identified in their CBS with unique codes assigned by DAY-NRLM/SRLMs.
- xi. All Banks participating in the interest subvention scheme are required to upload the SHG savings and loan account, etc. on the relevant information on a portal as per the technical specifications advised by NABARD.
- xii. In order to avail the interest subvention on credit upto ₹3 lakh extended to women SHGs under DAY-NRLM @7% as well as on credit above ₹3 lakh and upto ₹5 lakh extended to SHGs, all banks are required to submit claim certificates on quarterly basis (i.e. as on 30 June 2023, 30 September 2023, 31 December 2023 and 31 March 2024) to the respective Regional Offices of NABARD. The claims submitted by any bank should be accompanied by claim certificate (in original) certifying the claims for subvention as true and correct. The claims of any bank for the quarter ending March 2024 should be accompanied with the Statutory Auditor's certificate for the entire financial year i.e. FY 2023-24 as true and correct.
- xiii. The format of the claims certificates shall be as per Annex VI & VII. All claims pertaining to FY 2023-24 should be submitted by banks latest by 30 September 2024 duly certified by Statutory Auditor.
- xiv. Any remaining claims pertaining to the disbursements made during the year 2023-24 and not included during the year, may be consolidated separately and marked as an 'Additional Claim' and submitted to the respective Regional Office of NABARD latest by 30 September 2024, duly certified by Statutory Auditors.
- xv. Any corrections in claims by banks shall be adjusted from later claims based on Statutory Auditor's certificate. All banks will be required to carry out necessary correction on the portal accordingly.

Annex III

Branch Name:

Bank Name:

Block Name:

Progress report for the month of,

20....

District:

State:

No. of loans- Actual * ₹lakh

S. No	No of SHGs with SB account			Credit Linked SHGs in the month						Credit Outstanding	
	Total S/B accounts till last month	New a/c opened this month	Cumulative	New loans		Repeat Loans		Cumulative		No. of loans	Amount Outstanding*
				No. of loans	Amount Disbursed*	No. of loans	Amount Disbursed*	No. of loans	Amount Disbursed*		
	1 (a)	1 (b)	1(c) = 1(a)+1(b)	2(a)	2(b)	3(a)	3 (b)	4(a)= 2(a)+3(a)	4(b)= 2(b)+ 3(b)	5(a)	5(b)

***New loans: First linkage loans to be considered as the new loans**

***Second and third linkage to be counted under repeat finance**

***Credit Outstanding 5(a) and 5(b) should be inclusive of the cumulative credit disbursed in the month i.e. 5(b) = 4(b) + credit outstanding till last month**

Annex IV**Delinquency Report for the month of.....**

Branch Name:

Bank Name:

Block Name:

District:

State:

(No. of loans- Actual * ₹lakh)

SL No	No of loan accounts	Amount outstanding*	Irregular accounts (4)		Details of the NPA accounts (5)	
			No of accounts	Overdue Amount*	No. of accounts	Amount*
1	2	3	4(a)	4(b)	5(a)	5(b)

Annex V

Illustrations on calculation of interest subvention on loans to women SHGs (as communicated by MoRD)

Illustration 1

Loan Amount Sanctioned: ₹800000

Loan outstanding: ₹750000

Particulars	Months in one Quarter		
	Month 1	Month 2	Month 3
Loan Amount Outstanding at the beginning of the month (₹)	750000	725000	700000
Loan Amount Outstanding at the end of the month (₹)	725000	700000	675000
Average loan outstanding during the month (₹)* - [A]	~737500	~712500	~687500
Out of [A] – Applicable RoI			
@7%	300000	300000	300000
@ 1YR – MCLR	200000	200000	200000
@ Bank lending rate	237500	212500	187500
Calculation of Interest Subvention			
Scenario 1			
Status of account	Regular/ standard	Regular/ standard	Regular/ standard
Amount of interest subvention#			
@ 4.5%	(300000 x 4.5%)/12 = 1125.00	(300000 x 4.5%)/12 = 1125.00	(300000 x 4.5%)/12 = 1125.00
@ 5%	(200000 x 5.0%)/12 = 833.33	(200000 x 5.0%)/12 = 833.33	(200000 x 5.0%)/12 = 833.33
Total subvention amount for the quarter	₹5875		
Scenario 2			
Status of account	Overdue	Overdue	NPA
Amount of interest subvention#			
@ 4.5%	(300000 x 4.5%)/12 = 1125.00	(300000 x 4.5%)/12 = 1125.00	NIL
@ 5%	(200000 x 5.0%)/12 = 833.33	(200000 x 5.0%)/12 = 833.33	NIL
Total subvention amount for the quarter	₹3917		

(*) To be calculated as – (sum of daily outstanding/ no. of days in the month);

(#) to be calculated on daily rest

Illustration 2

Loan Amount Sanctioned: ₹500000

Loan Outstanding: ₹450000

Particulars	Months in one Quarter		
	Month 1	Month 2	Month 3
Loan Amount Outstanding at the beginning of the month (₹)	450000	425000	400000
Loan Amount Outstanding at the end of the month (₹)	425000	400000	375000
Average loan outstanding during the month (₹)* - [A]	~437500	~412500	~387500
Out of [A] – Applicable RoI			
@7%	300000	300000	300000
@ 1YR – MCLR	137000	112500	87500
@ Bank lending rate	NIL	NIL	NIL
Calculation of Interest Subvention			
Scenario 1			
Status of account	Regular/ standard	Regular/ standard	Regular/ standard
Amount of interest subvention#			
@ 4.5%	$(300000 \times 4.5\%)/12 = 1125.00$	$(300000 \times 4.5\%)/12 = 1125.00$	$(300000 \times 4.5\%)/12 = 1125.00$
@ 5%	$(137000 \times 5.0\%)/12 = 570.83$	$(112500 \times 5.0\%)/12 = 468.75$	$(87500 \times 5.0\%)/12 = 364.58$
Total subvention amount for the quarter	₹4779		
Scenario 2			
Status of account	Overdue	Overdue	NPA
Amount of interest subvention#			
@ 4.5%	$(300000 \times 4.5\%)/12 = 1125.00$	$(300000 \times 4.5\%)/12 = 1125.00$	NIL
@ 5%	$(137000 \times 5.0\%)/12 = 570.83$	$(112500 \times 5.0\%)/12 = 468.75$	NIL
Total subvention amount for the quarter	₹3290		

(*) To be calculated as – (sum of daily outstanding/ no of days in the month);

(#) to be calculated on daily rest

Illustration 3

Loan Amount Sanctioned: ₹500000

Loan Outstanding: ₹350000

Particulars	Months in one Quarter		
	Month 1	Month 2	Month 3
Loan Amount Outstanding at the beginning of the month (₹)	350000	325000	300000
Loan Amount Outstanding at the end of the month (₹)	325000	300000	275000
Average loan outstanding during the month (₹)* - [A]	~337500	~312500	~287500
Out of [A] – Applicable RoI			
@7%	300000	300000	287000
@ 1YR – MCLR	37000	12500	NIL
@ Bank lending rate	NIL	NIL	NIL
Calculation of Interest Subvention			
Scenario 1			
Status of account	Regular/ standard	Regular/ standard	Regular/ standard
Amount of interest subvention#			
@ 4.5%	$(300000 \times 4.5\%)/12 = 1125.00$	$(300000 \times 4.5\%)/12 = 1125.00$	$(28700 \times 4.5\%)/12 = 1076.25$
@ 5%	$(37000 \times 5.0\%)/12 = 154.17$	$(12500 \times 5.0\%)/12 = 52.08$	$(NIL \times 5.0\%)/12 = NIL$
Total subvention amount for the quarter	₹3533		
Scenario 2			
Status of account	Overdue	Overdue	NPA
Amount of interest subvention#			
@ 4.5%	$(300000 \times 4.5\%)/12 = 1125.00$	$(300000 \times 4.5\%)/12 = 1125.00$	NIL
@ 5%	$(37000 \times 5.0\%)/12 = 154.17$	$(12500 \times 5.0\%)/12 = 52.08$	NIL
Total subvention amount for the quarter	₹2456		

(*) To be calculated as – (sum of daily outstanding/ no of days in the month);

(#) to be calculated on daily rest

Illustration 4

Loan Amount Sanctioned: ₹500000

Loan Outstanding: ₹350000

Particulars	Months in one Quarter		
	Month 1	Month 2	Month 3
Loan Amount Outstanding at the beginning of the month (₹)	350000	350000	350000
Loan Amount Outstanding at the end of the month (₹)	350000	350000	275000
Average loan outstanding during the month (₹)* - [A]	~350000	~350000	~312000
Out of [A] – Applicable RoI			
@7%	300000	300000	300000
@ 1YR – MCLR	50000	50000	12000
@ Bank lending rate	NIL	NIL	NIL
Calculation of Interest Subvention			
Scenario 1			
Status of account	NPA	NPA	Regular/ standard
Amount of interest subvention#			
@ 4.5%	NIL	NIL	$(300000 \times 4.5\%)/12 = 1125$
@ 5%	NIL	NIL	$(12000 \times 5.0\%)/12 = 50$
Total subvention amount for the quarter	₹1175		
Scenario 2			
Status of account	Overdue	NPA	Regular/ standard
Amount of interest subvention#			
@ 4.5%	$(300000 \times 4.5\%)/12 = 1125.00$	NIL	$(300000 \times 4.5\%)/12 = 1125$
@ 5%	$(50000 \times 5.0\%)/12 = 208.33$	NIL	$(12000 \times 5.0\%)/12 = 50$
Total subvention amount for the quarter	₹2508		

(*) To be calculated as – (sum of daily outstanding/ no of days in the month);

(#) to be calculated on daily rest

Illustration 5

Loan Amount Sanctioned: ₹250000

Loan Outstanding: ₹250000

Particulars	Months in one Quarter		
	Month 1	Month 2	Month 3
Loan Amount Outstanding at the beginning of the month (₹)	250000	225000	200000
Loan Amount Outstanding at the end of the month (₹)	225000	200000	175000
Average loan outstanding during the month (₹)* - [A]	~237500	~212500	~187500
Out of [A] – Applicable RoI			
@7%	237500	212500	187500
@ 1YR – MCLR	NIL	NIL	NIL
@ Bank lending rate	NIL	NIL	NIL
Calculation of Interest Subvention			
Scenario 1			
Status of account	Regular/ standard	Regular/ standard	Regular/ standard
Amount of interest subvention#			
@ 4.5%	$(237500 \times 4.5\%)/12 = 890.62$	$(212500 \times 4.5\%)/12 = 796.88$	$(187500 \times 4.5\%)/12 = 703.13$
@ 5%	$(NIL \times 5.0\%)/12 = NIL$	$(NIL \times 5.0\%)/12 = NIL$	$(NIL \times 5.0\%)/12 = NIL$
Total subvention amount for the quarter	₹2391		
Scenario 2			
Status of account	Overdue	Overdue	NPA
Amount of interest subvention#			
@ 4.5%	$(237500 \times 4.5\%)/12 = 890.62$	$(212500 \times 4.5\%)/12 = 796.88$	NIL
@ 5%	$(NIL \times 5.0\%)/12 = NIL$	$(NIL \times 5.0\%)/12 = NIL$	NIL
Total subvention amount for the quarter	₹1688		

(*) To be calculated as – (sum of daily outstanding/ no of days in the month);

(#) to be calculated on daily rest

Annex VI

Claim for Interest Subvention on credit upto ₹3 lakh to women SHGs at 7% per annum, for the year 2023-24

Name of Bank:

Statement for claims for the period tocredit disbursed/outstanding up-to ₹3 lakh

New loan accounts opened during the periodto		Outstanding as at (end of previous period)		Total outstanding as at		Amount of interest Subvention @4.5%
No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	Amount

No of unique SHGs availed interest subvention	Amount of Interest subvention

NB: Number (No.) and Amount in actual figures

We hereby certify that credit to women SHGs upto ₹3 lakh were charged Interest @ 7% per annum on the above disbursement/outstanding in the year **2023-24**. We certify that the accounts are eligible for interest subvention as per RBI guidelines and bank has verified and flagged all these accounts as 'SHGs under DAY-NRLM' on CBS. We also certify that there is no duplication in the claims and minimal human intervention while submitting the interest subvention claim from the branch level onwards

Dated

Authorized Signatory & seal

(This claim format, consolidated for the year, needs to be duly certified by Statutory Auditors and submitted along with the claims for the quarter ending March 31, 2024 within September 30, 2024)

Annex VII

Claim for Interest Subvention on credit above ₹3 lakh and upto ₹5 lakh to women SHGs, for the year 2023-24

Name of Bank:

Statement for claims for the periodto credit disbursed/outstanding above ₹3 lakh and upto ₹5 lakh

New loan accounts opened during the periodto			Outstanding as at (end of previous period)			Total outstanding as at			Amount of interest Subvention @5%
No. of Accounts	Applicable Interest rate (1 yr MCLR /Cost of Fund/ Benchmark rate)	Amount	No. of Accounts	Applicable Interest rate (1 yr MCLR / Cost of Fund/ Benchmark rate)	Amount	No. of Accounts	Applicable Interest rate (1 yr MCLR / Cost of Fund/ Benchmark rate)	Amount	Amount

No of unique SHGs availed interest subvention	Amount of Interest subvention

NB: Number (No.) and Amount in actual figures

We hereby certify that credit to women SHGs above ₹3 lakh and upto ₹5 lakh were charged Interest as per Banks disclosed 1 year MCLR or lending rate approved by the board of the bank or any other external benchmark based lending rate or 10% per annum , whichever is lower. For outstanding credit balance above ₹3 lakh and upto ₹5 lakh , banks will be subvented at a uniform rate of 5% per annum during FY 2023-24. We certify that the accounts are eligible for interest subvention as per RBI guidelines and bank has verified and flagged all these accounts as 'SHGs under DAY-NRLM' on CBS. We also certify that there is no duplication in the claims and minimal human intervention while submitting the interest subvention claim from the branch level onwards

Dated

Authorized Signatory & Seal

(This claim format, consolidated for the year, needs to be duly certified by Statutory Auditors and submitted along with the claims for the quarter ending March 31, 2024 within September 30, 2024)

Statutory Auditor's Certificate

(Certificate to be submitted in the same format)

1. Certified that% interest subvention claim of ₹(Rupees) for the period from.....to referred by the bank has been worked out by (Name of bank) as per instructions contained in NABARD circular No. 96/MCID-01 / 2023 dated 24 May 2023. The above claim has been verified to my satisfaction from the records made available by the bank is duly audited by me and is found to be correct.
2. It is further certified that the lending interest rate on women SHG loans (upto ₹3 lakh) sanctioned and disbursed by the bank to the loanee is 7% p.a. during the year 2023-24.

Signature & seal of Statutory Auditor of bank

Name:

Date:

FRN No:

Statutory Auditor's Certificate

(Certificate to be submitted in the same format)

1. Certified that% interest subvention claim of ₹(Rupees) for the period from.....to referred by the bank has been worked out by (Name of bank) as per instructions contained in NABARD circular No. 96/MCID-01 / 2022 dated 24 May 2023. The above claim has been verified to my satisfaction from the records made available by the bank is duly audited by me and is found to be correct.

2. It is further certified that the lending interest rate on women SHG loans (above ₹3 lakh and upto ₹5 lakh) sanctioned and disbursed by the bank to the loanee does not exceed 10% p.a. during the year 2023-24.

Signature & seal of Statutory Auditor of bank

Name:

Date:

FRN No: