



Handbook for
Bank Sakhi

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Chapter-I

BANK SAKHI & HER RESPONSIBILITIES

NEED FOR A BANK SAKHI

After the launch of NRLM, there has been a steady increase in the number of SHGs across the country. Along with the increasing number of SHGs, the demand for SHG-bank linkage has been growing. The number of SHGs visiting the bank branches for different types of transactions has increased the work load on the rural bank branches, which have limited staff. Unlike other customers, SHG members with a relatively low educational background, require guidance and support to carry out their bank transactions. Rural bank branches with limited staff are not in a position to provide necessary support to the SHGs, in addition to their normal work.

SHG members are often required to wait for long hours to open savings bank accounts. Sometimes the SHGs are required to make multiple visits to the banks for opening accounts. SHG members often have to wait for long hours to carry out simple transactions of depositing money or withdrawal of funds from their accounts. Experience from the states of Andhra Pradesh, Orissa, Bihar and Tamil Nadu indicates that a community level resource person or a 'Bank Sakhi' with basic knowledge of banking transactions can play a very useful role in supporting the SHGs as well as the banks. A 'Bank Sakhi' placed at a bank branch can provide multiple types of support to the SHGs to complete their transactions. A well trained Bank Sakhi can facilitate opening of savings bank account of the SHG. She can help SHGs carry out both credit and debit transactions from the savings account. More importantly, a Bank Sakhi can facilitate credit linkage of the SHGs. Bank Sakhi can also support the bank in different ways. She can complete documentation work and reduce the work load on the bank. She is ideally suited to facilitate recovery of bank loans by working closely with the SHGs. This also reduces the work load on the Bank Managers.

Based on the successful experience of A.P., Telegana, Bihar, Odisha and Tamil Nadu, all SRLMS have been advised to adopt the Bank Sakhi model. All states are required to facilitate identification, training and placement of Bank Sakhi's at all bank branches. Thus Bank Sakhi strategy is central to the financial inclusion strategy of NRLM.

WHO CAN BE A BANK SAKHI?

A Bank Sakhi must be selected from the service area of the bank, who has been a member of an SHG. Where suitable women members are not available, male persons can be considered as Bank Sakhis as a transitory measure.

She must possess the following qualifications/ characteristics:

- Minimum education of 8th/10th pass with basic reading, writing and numeracy skills;
- Understands basic banking procedures and familiar with opening of SHG bank account, credit and debit transactions of SHGs and SHG credit linkage protocols;
- Posses communication skills;
- Able to undertake frequent travel to the bank branch and other villages;
- Skills of articulation and persuasion;
- Empathetic to the poor;

- Able to work hard and remain in the bank branch on all/most working days during the business hours;
- Able to maintain good rapport and liaison with the bank staff ;
- Maintain good relations with SHGs, VOs and CBRM;
- Able to participate in SHG/ VO/ CBRM meetings and facilitate recovery of bank loans;

WHO SELECTS BANK SAKHI?

Bank Sakhis are ideally identified and selected by Cluster Level Federations (CLFs) and BMMU/ PFT on the basis of a written test and interview. In case CLF is not formed, the identification can be done by an informal committee comprising representatives from different SHGs/ VOs. SRLMs should devise suitable tests (involving written, oral and personality tests) for assessing suitability of the identified candidates to work as Bank Sakhis.

RESPONSIBILITIES OF A BANK SAKHI

One Bank Sakhi will be placed in each bank branch. The bank branch will provide the Bank Sakhi a place to sit within the bank premises. Bank Sakhi is expected to sit in the bank branch during the transaction hours (10:00 am – 03:00 pm). The name of the Bank Sakhi should be prominently displayed along with her contact details.

THE KEY RESPONSIBILITIES OF A BANK SAKHI ARE AS FOLLOWS:

- Whenever leaders of SHGs/ members of SHGs visit the bank to deposit/ withdraw money, the Bank Sakhi should help them in:
 - Filling in transaction slips/ bank challans; and
 - In accounting for cash by facilitating denomination wise segregation (Should not touch cash).
- Whenever leaders of SHGs/ members of SHGs visit the bank for linkage, the Bank Sakhi should help them:
 - In completing documentation formalities for account opening;
 - In completing loan application and related documentation;
 - In opening of individual accounts of members in the bank;
 - In assisting SHGs in seeking other financial services from the bank;
 - And act as a liaison between the SHGs and the bank and resolve all issues affecting the SHGs.
- As a trainer, Bank Sakhi should:
 - Undertake awareness among SHGs on credit linkage, terms and conditions of loans, including interest rate and repayment schedule as well as interest subvention and the conditions of eligibility for the interest subsidy; and
 - Educate the group members on bank procedures, other schemes and programmes involving the bank.

- Bank Sakhi should attend the following meetings:
 - VO meetings falling within the branch service area and share the status of repayment of all member SHGs
 - CBRM meetings and prepare minutes of the meetings
 - Meetings of all SHGs defaulting on repayment, analyze the reason for default and guide them to regularize their loan accounts
 - Should participate at the month review meeting
 - All CLF meetings
- Bank Sakhi should maintain the following records :
 - SHG bank linkage details in the service area;
 - Loan overdue statements from the banks;
 - Interest subvention details;
 - CBRM records;

PAYMENT OF HONORARIUM TO BANK SAKHI

- Each Bank Sakhi will be provided honorarium of Rs for the initial 12 months.
- The payment of honorarium will be made by CLF/VO on satisfactory performance of work assigned and submission of necessary reports.

REPORTS TO BE SUBMITTED BY BANK SAKHI (FORMAT OF REPORT GIVEN AS APPENDIX)

- SHG profile Register with details of SHG and Contact details of office bearers
- Bank Linkage Register
- Repayment Register for individual SHGs
- Daily Report on Task performed during the month
- Copy of report to be submitted to CLF

Chapter-II

OPENING OF SHG SAVING BANK ACCOUNT

STEPS IN OPENING OF SAVINGS ACCOUNT OF A SELF HELP GROUP

S.No.	Suggested Steps	Process
1.	SHG Resolution	Facilitate passage of a resolution by the members indicating their intent to have a savings bank account opened in a service area bank branch or a nearest bank branch. All members should subscribe their signatures to the resolution.
2.	Authorizing Office Bearers (OBs) to act as Signatories	As part of the resolution, members of SHG should authorize three OBs to operate the SHG savings bank account on their behalf, with a condition that any two of the three OBs can transact with the bank.
3.	Preparing Application for Opening of Bank Account	Prepare an application to the bank manager with a request to open a savings bank account. The application should be signed by the OBs of the SHG.
4.	SHG Seal and Photographs of OBs	Each SHG to get <ul style="list-style-type: none"> • A rubber stamp (seal) of the SHG made; • Passport size colour photographs of 3 OBs (3 each); and • Photocopies of member identity and address proof.
5.	Visit to the Bank	All SHG members to make a visit to the bank along with following documents for opening of saving bank account: <ul style="list-style-type: none"> • A copy of the resolution passed by the SHG members; • Filled-in application addressed to the bank manager; • Xerox copies of OB identity and address proof, along with original documents for verification and return; • Photographs of 3 OBs (3 copies each); and • Rubber Stamp/Seal of the SHG.
6.	Filling-in Saving Bank Account Opening Form	Fill-in the SB account opening form and enclose all documents indicated above.
7.	Type of Savings Account	Basic Savings Bank Deposit Account (BSBDA) which does not require any initial deposit.
8.	Receive Savings Account Passbook	Receive savings account passbook from the bank.

SPECIMEN OF RESOLUTION BY SHG FOR OPENING OF SAVINGS BANK ACCOUNT

Name of SHG

Village Panchayat

Block District

Group Formation Date

Total no of Members

RESOLUTION FOR OPENING SAVINGS BANK ACCOUNT

Today on (Date), at the meeting of(name of SHG) at(meeting place of SHG/ address) in presence of all its members, it is resolved that our.....(name of SHG) will open a savings bank a/c. It has also been further resolved that Smt.....(president); Smt..... (secretary) and Smt(treasurer) will sign all the necessary document related to the opening of Savings Bank a/c on behalf of the (name of SHG). Transaction in the Savings a/c of the group will be done joint signature by any two of among the President, Secretary and treasurer.

We, all members hereby agree to the above decision.

S.No.	Name of Member	Signature
1.		
2.		
3.		
#		
19.		
20.		

Signature
(President)

Signature
(Secretary)

Signature
(Treasurer)

स्वयं सहायता समूह में बचत खाता खोलने हेतु पारित प्रस्ताव

स्वयं सहायता समूह का नाम

ग्राम पंचायत

ब्लाक..... जिला

समूह गठन दिनांक.....

समूह में सदस्यों की संख्या

.....

प्रस्ताव

आज दिनांक को स्वयं सहायता समूह, स्थान.

..... गांवकी बैठक में यह प्रस्ताव पारित किया गया कि समूह बैंक

में बचत खाता खोलने हेतु आवेदन करेगा। इस कार्य के लिये अध्यक्ष (श्रीमति.....

.....), सचिव (श्रीमति.....) तथा कोषाध्यक्ष(श्रीमति.....)

को बचत खाते से सम्बन्धित सभी दस्तावेजों पर हस्ताक्षर करना व अन्य कोई बैंक सम्बन्धी कार्य करने

के लिये उपस्थित सदस्यों द्वारा सर्वसम्मति से अधिकृत किया जाता है। समूह का बैंक खाता अध्यक्ष,

सचिव या कोषाध्यक्ष में से किन्हीं दो के संयुक्त हस्ताक्षर से संचालित होगा।

क्र.सं.	सदस्य का नाम	पिता/पति का नाम	हस्ताक्षर
1.			
2.			
#			
19.			
20.			

अध्यक्ष
हस्ताक्षर

सचिव
हस्ताक्षर

कोषाध्यक्ष
हस्ताक्षर

SPECIMEN OF APPLICATION BY SHG FOR OPENING SAVINGS BANK ACCOUNT

Name of SHG

Village Panchayat

Block District

Group Formation Date

Total no of Members

To

The Branch Manager

.....(Bank & Branch)

.....(Address of Branch)

Sub: Application for opening savings bank account

Dear Madam/Sir

We the duly authorized representatives of(name of SHG) hereby request you to kindly open a savings bank account in name of our SHG. A copy of the resolution of the group for opening savings bank account along with names of all members of our SHG is enclosed for your perusal.

Yours Sincerely

Signature
(President)
(Name

Signature
(Secretary)
(Name

Signature
(Treasurer)
(Name

बैंक में बचत खाता खोलने हेतु आवेदन पत्र

स्वयं सहायता समूह का नाम

ग्राम पंचायत

ब्लाक..... जिला.....

समूह गठन दिनांक.....

समूह में सदस्यों की संख्या

सेवा में,

शाखा प्रबन्धक

बैंक

शाखा

बचत खाता खोलने हेतु आवेदन पत्र

महोदय / महोदया,

हमें.....स्वयं सहायता समूह ग्राम.....पंचायत
..... के विधिवत प्राधिकृत प्रतिनिधी, अपने स्वयं सहायता समूहक का बैंक में
खाता खोलने का आवेदन करते हैं। हमारे समूह द्वारा बैंक में खाता खोलने हेतु समूह में लिये प्रस्ताव की
प्रतिलिपि, समूह की नियमावली एवं पदाधिकारियों की पहचान पत्र आवेदन के साथ संलग्न है।

भवदीय

अध्यक्ष
हस्ताक्षर
(नाम.....)

सचिव
हस्ताक्षर
(नाम.....)

कोषाध्यक्ष
हस्ताक्षर
(नाम.....)

GUIDE FOR FILLING PAY-IN SLIP

Form 1: CASH DEPOSIT

Form 2: CHEQUE DEPOSIT

Labels and their corresponding fields:

- Name of account holder (Name of SHG):** Points to the 'नाम/Name' field in both forms.
- Date of Transaction:** Points to the 'दिनांक/Date' field in both forms.
- Name of Bank & Branch:** Points to the 'शाखा/Branch' field in both forms.
- Nature of a/c in which amount is being deposited eg.:** Points to the 'विवरण/Particulars' field in both forms.
- Amount (in number) & denomination:** Points to the 'रुपये/Amount' field in both forms.
- Amount in Words:** Points to the 'शब्दों में/Amount in words' field in both forms.
- No. of Type of note:** Points to the 'नोटों की संख्या/Notes No.' field in the Cash Deposit form.
- Cheque Details in case of Cheque deposit:** Points to the 'चेक नंबर/Cheque No.' and 'चेक दिनांक/Cheque Date' fields in the Cheque Deposit form.
- Signature of Depositor:** Points to the 'जमाकर्ता के हस्ताक्षर/Signature of Depositor' field in the Cheque Deposit form.
- Amount in Words (bottom right):** Points to the 'रुपये/Amount' field in the Cheque Deposit form.

GUIDE FOR FILLING WITHDRAWAL SLIP

Name of Bank & Branch		Amount in Words		Date of Transaction		Amount in Number											
<p>(केवल मूल शाखा में प्रयोग हेतु) (USABLE AT BASE BRANCH ONLY)</p>																	
<p>स्वयं को/Pay to self the sum of ₹ _____</p>																	
<p>मेरे/हमारे बचत निधि खाता सं. को नामें कर भुगतान करें। to the debit of my/our Savings Fund A/c No.</p>																	
<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>																	
<p>खाताधारक के हस्ताक्षर Sig. of A/c Holder नाम Name(s)</p>																	
<p>कार्यालय के प्रयोग हेतु/For Office Use</p>																	
<p>ड्रॉ. आईडी/Trans. ID _____ श्री/श्रीमती/सुश्री/Pay to Sh./Smt./Ms. _____</p>																	
<p>टोकन सं. Token No. _____ को ₹ _____</p>																	
<p>श्री/श्रीमती/सुश्री/Pay to Sh./Smt./Ms. _____ का भुगतान करें।</p>																	
<p>पारितकर्ता के हस्ताक्षर/Signature of Passing Officer</p>																	
<p>भुगतानकर्ता के हस्ताक्षर/Signature of Paying Official</p>																	
Account							Signature of Account Holder										

यह फार्म चैक नहीं है। कृपया पास-बुक के साथ प्रस्तुत करें।
This Form is not a cheque.
Please present with the Pass Book

दिनांक/Date _____ 20

₹

Account

Signature of Account Holder

GUIDE ON TRANSACTIONS IN SAVING ACCOUNT PASSBOOK

Date of transaction	Particulars	Cheque no	Withdrawal	Deposit	Balance	
05-02-2004	By cash			250	250.00	Cash Deposit by SHG Balance after Cash deposit by SHG
07-03-2004	By cash			700	950.00	
06-06-2004	By Transfer	53018		15000	15950.00	Cash Deposit by SHG Balance after Cash deposit by SHG
06-07-2004	To pay		15500		450.00	Balance after Cash withdrawal by SHG
30-09-2004	Interest			16	466.00	Balance after interest paid by bank

Date of transaction	Cash Deposit by SHG	Receipt by SHG through transfer eg: RF received by SHG from		
Interest Paid by Bank to SHG	Cash Withdrawal by SHG	Interest Paid by Bank to SHG		

Chapter-III
CREDIT LINKAGE OF SHG

STEPS FOR CREDIT LINKAGE OF SHGS

S.No.	Suggested Steps	Process
1.	SHG Resolution	<ul style="list-style-type: none"> Facilitate passage of a resolution by SHG seeking a loan from the bank in which SHG maintains SB account. All members of the SHG sign the resolution.
2.	Authorizing OBs	<ul style="list-style-type: none"> Resolution to authorize 3 OBs to sign all loan related documents on behalf of SHG.
3.	Application for Credit Linkage	<ul style="list-style-type: none"> Prepare application for bank loan. Obs to sign the loan application on behalf of SHG.
4.	Inter-se Agreement	<ul style="list-style-type: none"> Prepare inter-se agreement for bank loan in the prescribed format. All SHG members to sign the inter-se agreement.
5.	SHG Stamp/Seal and Photographs	<ul style="list-style-type: none"> OBs to carry SHG stamp/seal and three passport size of Obs colour photographs of OBs (3 each)
6.	OBs Visit the Bank	<ul style="list-style-type: none"> OBs visit the bank and submit the loan application along with the following documents: <ul style="list-style-type: none"> - Copy of SHG resolution seeking bank loan - Filled-in loan application addressed to the bank manager - Signed copy of the inter-se agreement - Passport size colour photographs of Obs (3 copies each); and Stamp/seal of the SHG.
7.	Sign the Loan Agreement	<ul style="list-style-type: none"> OBs understand the terms and conditions of the loans from the bank manager. OBs and bank manager sign the loan agreement.
8.	Loan Sanction	<ul style="list-style-type: none"> Bank manager issues loan sanction orders. Obs collect their passbook with loan entries made.

SPECIMEN OF RESOLUTION BY SHG FOR TAKING LOAN FROM BANK

Name of SHG

Village Panchayat

Block District

Group Formation Date

Total no of Members

RESOLUTION FOR TAKING LOAN FROM BANK

Today on(Date), at the meeting of(name of SHG) at(meeting place of SHG/ address) in presence of all its members, it is resolved that our(name of SHG) will seek loan of Rs, (in words)..... from bank. It has also been further resolved that Smt.....(president); Smt.....(secretary) and Smt(treasurer) will sign all the necessary document related to the loan application to bank on behalf of the(name of SHG).

We all members hereby agree to the above decision

S.No.	Name of Member	Signature
1.		
2.		
3.		
#		
19.		
20.		

Signature
(President)

Signature
(Secretary)

Signature
(Treasurer)

स्वयं सहायता समूह में ऋण के लिए पारित प्रस्ताव

स्वयं सहायता समूह का नाम

ग्राम पंचायत

ब्लाक..... जिला

समूह गठन दिनांक.....

समूह में सदस्यों की संख्या

.....

प्रस्ताव

आज दिनांककोस्वयं सहायता समूह, स्थान

.....गाँवकी बैठक में यह प्रस्ताव पारित किया गया कि समूह के सदस्यों

की आवश्यकतानुसार ऋण हेतु बैंक में आवेदन करेगा। इस कार्य के लिए अध्यक्ष (श्रीमति.....

.....), सचिव(श्रीमति.....) तथा कोषाध्यक्ष (श्रीमति.....)

को बैंक ऋण से सम्बन्धित सभी दस्तावेजों पर हस्ताक्षर करना व अन्य कोई ऋण सम्बन्धी कार्य करने के

लिए उपस्थित सदस्यों द्वारा सर्वसम्मति से अधिकृत किया जाता है।

क्र.स.	सदस्य का नाम	पिता/पति का नाम	हस्ताक्षर
1.			
2.			
#			
19.			
20.			

अध्यक्ष
हस्ताक्षर

सचिव
हस्ताक्षर

कोषाध्यक्ष
हस्ताक्षर

SPECIMEN OF APPLICATION BY SHG TO BANK FOR LOAN

Name of SHG
Village Panchayat
Block District
Group Formation Date
Total no of Members

RESOLUTION FOR TAKING LOAN FROM BANK

To,
The Branch Manager
.....(Bank & Branch)
.....(Address of Branch)

Sub: Application for bank loan

Dear Madam/Sir

We the duly authorized representatives of(name of SHG) hereby apply for a loan aggregating Rs (In words)..... for on-lending to our SHG members. A copy of the resolution of the group for seeking bank loan, financial statement of the SHG and copy of the Inter-se Agreement executed by all the members authorizing us to borrow on behalf of the SHG is enclosed for your kind perusal.

Yours Sincerely

Signature
President
(Name.....)

Signature
Secretary
(Name.....)

Signature
Treasurer
(Name.....)

Financial Statement of(name of SHG) as on(date).....

Total Savings of members:

Total interest and other incomes:

Total RF/ Seed Capital received from project:

Total Savings with VO/CLF:

Total expenditure:

Total loan outstanding from VO/CLF:

Total Loan Outstanding on members:

Cash Balance:

Bank Balance:

स्वयं सहायता समूह में बचत खाता खोलने हेतु पारित प्रस्ताव

स्वयं सहायता समूह का नाम
ग्राम पंचायत
ब्लाक..... जिला
समूह गठन दिनांक.....
समूह में सदस्यों की संख्या

सेवा में,
शाखा प्रबन्धक
बैंक
शाखा

दिनांक :.....

ऋण हेतु आवेदन पत्र

महोदय / महोदया,
हमस्वयं सहायता समूह ग्रामपंचायत
..... के विधिवत प्राधिकृत प्रतिनिधि, अपने सदस्यों को ऋण प्रदान करने हेतु कुल रु.....
..... (रूपये.....मात्र) के ऋण हेतु आवेदन कर रहे
हैं। हमारे समूह द्वारा बैंक से ऋण प्राप्ति हेतु, समूह में लिये गये प्रस्ताव की प्रतिलिपी, सदस्यों द्वारा
निष्पादित परस्पर करारनामा एवं दिनांकतक समूह की वित्तीय विवरण संलग्न है।
भवदीय

अध्यक्ष
हस्ताक्षर
(नाम)

सचिव
हस्ताक्षर
(नाम)

कोषाध्यक्ष
हस्ताक्षर
(नाम)

दिनांकतकसमूह की वित्तीय विवरण.....

- सदस्यों की कुल बचत:
- ब्याज व अन्य आय:
- परियोजना से प्राप्त रिविंग फण्ड या सहायता राशि:
- ग्राम संगठन या फेडरेशन में जमा बचत राशि:
- कुल खर्च:
- ग्राम संगठन या फेडरेशन से वकाया ऋण:
- समूह सदस्यों पर वकाया ऋण:
- हाथ में नकद राशि:
- बैंक खाते में जमा राशि:

SPECIMEN OF INTER-SE AGREEMENT TO BE EXECUTED BY THE MEMBERS OF THE SHG

THIS AGREEMENT made this _____ day of _____ 20_____
BETWEEN _____

1. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
2. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
3. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
4. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
5. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
6. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
7. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
8. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
9. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
10. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
11. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
12. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
13. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
14. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
15. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and
16. Shri/Smt/Kum _____ Son/Wife/ Daughter of
_____ aged _____ years. residing at _____ : and

17. Shri/Smt/Kum _____ Son/Wife/ Daughter of _____ aged _____ years. residing at _____ : and
18. Shri/Smt/Kum _____ Son/Wife/ Daughter of _____ aged _____ years. residing at _____ : and
19. Shri/Smt/Kum _____ Son/Wife/ Daughter of _____ aged _____ years. residing at _____ : and
20. Shri/Smt/Kum _____ Son/Wife/ Daughter of _____ aged _____ years. residing at _____ : and

who are members of the _____ group, hereinafter referred to collectively as "The Self Help Group (SHG) Members" which expression shall, unless repugnant to the context or meaning, include every members of the said SHG and their respective legal heirs, executors and administrators.

Whereas all SHG members are residents of _____ Village in _____ Block of the West Bengal State and are known to each other.

Whereas the SHG members above named have joined voluntarily together and formed the SHG with intent to carry on savings and credit and other economic activities for mutual benefit subject to the terms and conditions hereinafter appearing:

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT :-

1. Each member of the SHG shall save a sum of Rs. _____ (Rupees _____ only) or such sum as may be decided by the Group, on weekly fortnightly/monthly basis which shall be deposited with the authorized member of the group.
2. Each member shall strive for the success of the SHG and shall not act in any manner detrimental to the business interests of the SHG.
3. The SHG members shall be jointly and severally liable for all the debts contracted by the SHG.
4. All assets and goods acquired by the SHG shall be in the joint ownership of all the members of the SHG and shall ordinarily be in the constructive custody of such member as may be authorized by the Group and shall be kept at the place of business at _____ which shall not be changed without consent of the SHG members.
5. The SHG members hereby duly elect and appoint
 Shri/Smt/Kum _____ as _____
 Shri/Smt/Kum _____ as _____
 Shri/Smt/Kum _____ as _____
 to look after and manage the day to day affairs of the SHG's activities and also act in their name and on their behalf in all matters relating thereto. The authorized representatives, may however, be removed at any time by majority vote of the members and new representatives elected.

6. Each of the SHG members hereby agrees to abide by and ratify all such act, deeds and things as the authorized representatives may do in the interest of the said activities.

7. The authorized representatives shall take decisions in the day to day working of the SHG and each representative shall actively involve herself and co-operate in looking after the day-to-day affairs of the SHG activities in particular to attend to the following activities.

- Every member of the SHG hereby authorizes the representatives to apply for the loan on behalf of the SHG and execute necessary agreements/documents on behalf of the SHG for the purpose. The authorized representative may collect loan amounts from the bank on behalf of SHG, deposit the same in the savings account of the SHG for on-lending to members in accordance with the decision of the SHG and also deposit recovery of loan installment from members in the loan account/s of SHG with the bank.

8. The SHG members hereby specifically authorize the representatives:-

i) To open Savings, Fixed Deposits and other accounts inBranch of..... Bank approved by the SHG and operates the same under the joint signature of any two of the following authorized representatives:

Shri/Smt/Kum _____

Shri/Smt/Kum _____

Shri/Smt/Kum _____

ii) To keep or cause to be kept proper books of accounts of the savings, made by the SHG Members, loans granted to them and the recoveries made from them and render every year the full accounts to the SHG members for their approval and adoption;

iii) To receive all payments due to the SHG and issue requisite receipts or acknowledgments for and on behalf of the SHG;

iv) To institute and defend on behalf of the SHG members any legal proceedings and safeguard the interests of each member of the said SHG and for this purpose engage or disengage any lawyer or advocate or agent and incur the necessary legal expenses in connection therewith.

9. In the event of death of any of the members of the SHG, his/her legal heirs shall be entitled to the benefits and be liable for the obligations of the deceased member under this agreement.

10. It is agreed that no new person shall be inducted as a member of the SHG without consent of all the existing members.

IN WITNESS WHEREOF the aforesaid members of the SHG have set their respective hands hereunto at the place _____ and on _____ day of _____ month _____ year first herein appearing.

S.No.	Name of Member of the SHG	Signature(s) / Thumb of the Impression(s)
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WITNESSES:-

1:

2:

16. श्री / श्रीमती / कुमारीपुत्र / पत्नी / पुत्री श्रीआयु
.....वर्ष.....आवासीय पता और
17. श्री / श्रीमती / कुमारीपुत्र / पत्नी / पुत्री श्रीआयु
.....वर्ष.....आवासीय पता और
18. श्री / श्रीमती / कुमारीपुत्र / पत्नी / पुत्री श्रीआयु
.....वर्ष.....आवासीय पता और
19. श्री / श्रीमती / कुमारीपुत्र / पत्नी / पुत्री श्रीआयु
.....वर्ष.....आवासीय पता और
20. श्री / श्रीमती / कुमारीपुत्र / पत्नी / पुत्री श्रीआयु
.....वर्ष.....आवासीय पता

जोसमूह के सदस्य है तथा जिन्हें एतदपश्चात सामूहिक रूप से स्वयं सहायता समूह के सदस्य कहा गया है, के बीच संपादित किया गया । स्वयं सहायता समूह के सदस्य कथन में, जब तक प्रसंग या तात्पर्य के अनुसार अन्यथा अभिप्रेत न हो, उक्त स्वयं सहायता समूह का प्रत्येक सदस्य, उसके संबधित विधिक उत्तराधिकारी, तालुका के
.....गाँव के निवासी हैं और एक दूसरे से परिचित है। अतः उपर उल्लेखित स्वयं सहायता समूह के सदस्यों ने स्वेच्छा से मिलकर एतद पश्चात उल्लेखित शर्तों के अनुसार आपसी हितों के बचत, ऋण और अन्य आर्थिक गतिविधियों को चलाने के लिये एक स्वयं सहायता समूह का गठन किया है। अतः अब यह करारनामा इस प्रकार साक्ष्यांकित किया जाता है:—

1. स्वयं सहायता समूह का प्रत्येक सदस्य रु.(रु.....मात्र) की राशि, अथवा समूह द्वारा जो राशि निश्चित की गयी हो, साप्ताहिक / पाक्षिक / मासिक आधार पर समूह के प्राधिकृत सदस्य के पास जमा करेगा ।
2. हर सदस्य स्वयं के सहायता समूह की सफलता के लिये प्रयत्न करेगा और ऐसा कोई कार्य नहीं करेगा जो स्वयं सहायता समूह के व्यावसायिक हितों के विरुद्ध हो ।
3. स्वयं सहायता समूह द्वारा प्रसंविदा किये गये सभी प्रकार के ऋणों के लिये उसके सभी सदस्य संयुक्त रूप और पृथक—पृथक रूप से उत्तरदायी होंगे ।
4. स्वयं सहायता समूह द्वारा अर्जित की गयी सभी परिसंपत्तियाँ समूह के सभी सदस्यों के संयुक्त स्वामित्व में रहेगी और सामान्यतः किसी ऐसे सदस्य की अभिरक्षा में रहेगी जिसे समूह द्वारा प्राधिकृत किया गया हो । ये परिसंपत्तियाँस्थिति कारोबार के स्थल पर रखी जायेगी और उस स्थान को स्वयं सहायता समूह के सदस्यों की सहमति के बिना परिवर्तित नहीं किया जा सकेगा ।
5. स्वयं सहायता समूह के सदस्यों ने
श्री / श्रीमती / कुमारीको.....रूप में
श्री / श्रीमती / कुमारीको.....रूप में
श्री / श्रीमती / कुमारीको.....रूप में
चुना है एवं नियुक्त किया है जो स्वयं सहायता समूह की दिन प्रतिदिन की गतिविधियों की व्यवस्था व

संचालन करेंगे और उससे सम्बन्धित सभी प्रकार के मामलों में उसकी ओर से तथा उसके नाम से कार्य करेंगे। तथापि, प्राधिकृत प्रतिनिधियों को किसी भी समय सदस्यों के बहुमत से हटाया जा सकता है और उसी प्रकार नये प्रतिनिधि चुने जा सकते हैं।

6. स्वयं सहायता के सभी सदस्य एतद् द्वारा ऐसे सभी कार्यों और विलेखों का अनुसमर्थन और अनुपालन करने के लिये सहमत हैं जो प्राधिकृत प्रतिनिधि उक्त गतिविधियों के हितों की रक्षा के लिए करते हैं।
7. प्राधिकृत प्रतिनिधि स्वयं सहायता समूह के दैनिक कार्यों के सम्बन्ध में निर्णय लेंगे और प्रत्येक प्रतिनिधि स्वयं सहायता समूह के दैनिक मामलों की देखभाल करने में विशेषकर निम्नलिखित गतिविधियों के निष्पादन में, सक्रिय रूप से भाग लेगा। स्वयं सहायता समूह का प्रत्येक सदस्य एतद् द्वारा अपने प्रतिनिधियों को प्राधिकृत करता है कि वे स्वयं सहायता समूह की ओर से ऋण हेतु आवेदन करें और इस प्रयोजन हेतु समूह की ओर से बैंक के ऋण की राशि प्राप्त करें, उस राशि को समूह के बचत खाते में जमा करें और उसमें समूह के निर्णयों के अनुसार उसमें से सदस्यों को ऋण प्रदान करें तथा ऋण की किश्तों की वसूली की राशि को बैंक के पास स्वयं सहायता समूह के ऋण खाते में जमा करें।
8. स्वयं सहायता समूह के सदस्य एतद् द्वारा प्रतिनिधियों को निम्नलिखित कार्यों के लिये विशेष रूप से प्राधिकृत करते हैं:—
 - i. स्वयं सहायता समूह द्वारा अनुमोदितबैंक, शाखा.....के बचतखाता / मियादी जमा और अन्य खाता खोलना और उसे निम्नलिखित प्राधिकृत में से किन्हीं दो के हस्ताक्षर से संचालन करना ।
श्री / श्रीमती / कुमारी
श्री / श्रीमती / कुमारी
श्री / श्रीमती / कुमारी
 - ii. स्वयं सहायता समूह द्वारा किये गये बचत, उन्हें प्रदान किये गये ऋणों उनसे प्राप्त वसूलियों के संबंध में उचित एवं व्यवस्थित खाता बही तैयार रखा या रखवाना तथा प्रतिवर्ष संपूर्ण लेखा को स्वयं सहायता समूह के सदस्यों के समक्ष उनके अनुमोदन एवं स्वीकृति हेतु प्रस्तुत करना ।
 - iii. स्वयं सहायता समूह को देय सभी प्रकार के भुगतान प्राप्त करना और समूह की ओर से अपेक्षित रसीदें या पावतियों जारी करना ।
 - iv. स्वयं सहायता समूह के सदस्यों की ओर से कोई विधिक कार्यवाही शुरू करना या प्रतिवाद करना तथा सभी सदस्यों के हितों की रक्षा करना और इस प्रयोजन हेतु किसी अधिवक्ता, वकील या अभिकर्ता को लगाना या उसे विमुख करना तथा इससे संबंधित सभी प्रकार के विधिक कार्यों को वहन करना ।
9. स्वयं सहायता समूह के किसी सदस्य के दिवंगत हो जाने पर उसका विधिक उत्तराधिकारी सुविधाओं का हकदार होगा तथा इस करारनामा के अन्तर्गत मृतक सदस्य की सभी प्रतिबद्धताओं के लिये भी जिम्मेदार होगा।

10. करार किया जाता है कि वर्तमान सभी सदस्यों की सहमति के बिना स्वयं सहायता समूह के सदस्य के रूप में किसी भी नये व्यक्ति को शामिल नहीं किया जायेगा। उपयुक्त के साक्ष्य में स्वयं सहायता समूह के पूर्ववत सदस्यों ने सन.....केमाह केदिन कोस्थान पर अपने-अपने हस्ताक्षर / अंगूठा निशानी दर्ज किये।

क्र.स.	स्वयं सहायता समूह सदस्य का नाम	हस्ताक्षर / अंगूठा
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प्रमाण देना:—

1.

2.

SPECIMEN OF ARTICLES OF LOAN AGREEMENT FOR USE BY BANKS WHILE FINANCING SHG



President



Secretary



Treasurer

The Articles of Agreement made on this ____ day of _____ 20__ at _____ By
and Between M/s _____ [name of the SHG] an
unregistered association of persons/individuals having its office at _____
represented by its authorized representative.

Shri/Smt. _____ (Name) _____ (Designation);

Shri/Smt. _____ (Name) _____ (Designation) and

Shri/Smt. _____ (Name) _____ (Designation, who

are fully authorized by all the members of the SHG, (a copy of such Authorization is
annexed hereto and forms part of this agreement), hereinafter referred to as the "Borrower" which
expression shall unless repugnant to the subject or context thereof, mean and include members of
the unregistered association for the time being, their respective successors, legal heirs,
administrators and assigns of the one part and _____ (name of the
Bank) a body corporate constituted under the _____ Act, having its Head
Office at _____ and the Branches, inter-alia, one at _____ hereinafter
called "the Bank" which expression shall unless repugnant to the subject or context thereof mean
and include its successors and assignees of the second part.

Whereas the borrower is an unregistered association of persons who have inter-se agreed to help
each other as self-help group with a view to developing and ameliorating the socio-economic
conditions of their members.

Whereas having formed the association as a Self Help Group, the Borrower as per application
dated _____ made by the said Shri/Smt. _____
(Name) _____ (De

signation); Shri/Smt. _____ (Name) _____

(Designation) and Shri/Smt. _____ (Name) _____

(Designation, duly authorized to borrow in terms of its resolution dated

_____ [copy enclosed] requested the Bank to *grant a Term Loan/extend Cash Credit facility* of Rs. _____/- up to the limit of Rs. _____/- (Rupees _____ only) for on-lending to its members.

And whereas the Bank has agreed to grant the * Term Loan /extend Cash Credit facility* to the borrower on certain terms and conditions. (* deleted whichever is not applicable)

And whereas the Bank and the borrower are desirous of reducing the agreed terms into writing.

Now, therefore, this agreement witnesseth as follows:

1. The Bank has agreed to grant and the borrower has agreed to borrow by way of Term Loan Cash / Credit (clean) up to the limit of Rs. _____/- (Rupees _____ - only) and the Bank has opened (SPECIFY THE KIND OF LOAN ACCOUNT) _____ A/C No. _____ of date _____ - in the name of the Borrower in its book of accounts.
2. *In case the facility availed is Cash Credit the Borrowers will operate the Cash Credit accounts satisfactorily and within the limit and the Borrower shall repay the outstanding liability in the account inclusive of interest and other charges debited from time to time on demand without demur.
3. *In case loan availed is Demand Loan, without prejudice to the right of the Bank to recall the loan on demand the Borrower undertakes to repay the loan with interest and other within the period stipulated in terms of sanction.
4. *In case the credit facility availed of by the borrower is a Term Loan the same shall be repayable in installments in the manner specified herein-below in the repayment schedule. (to be specified) Besides the borrower will pay interest at the rates that may be prescribed for such lending by RBI/NABARD from time to time. (*Delete whichever is not applicable)
5. It is clearly understood by and between the parties hereto that in the event of the borrower's failure to utilize the proceeds of the credit facility for the purpose for which the same has been made available by the bank to the borrower, the borrower shall repay immediately on demand without demur together with interest without prejudice to Bank's right to initiate other legal action.
6. The borrower shall pay interest on the loans to be calculated on the daily balances in the loan account and be debited thereto at quarterly rests or as the Bank may decide.
7. The borrower should utilize the proceeds of the credit facility for the purpose of lending to its members to improve the socio-economic conditions of their members and their families.
8. The borrower shall repay the credit facility availed of together with interest payable as per the interest rates that may be fixed by RBI/NABARD from time to time for such lending.
9. The borrower shall be liable to repay the facility on demand together with the interest and other charges payable by the borrower to the bank in accordance with the rules of the Bank.

REPAYMENT SCHEDULE:

For Cash Credit:

Each withdrawal of principal loan from the C.C. A/C is to be repaid within 12 months of such withdrawal. Interest debited to a/c is to be repaid / deposited into the A/C promptly so that outstanding balance of the CC A/C does not exceed the sanctioned limit under no circumstances.

For Term Loan:

Principal loan is to be repaid inequal monthly / quarterly / half-yearly installments. Interest debited to the A/C is to be repaid / deposited promptly.

In witness where of the parties hereto have affixed their signature on the _____date and the _____ month and _____ year first herein above written.

- 1) FOR THE BORROWER- SHG
- 2) FOR THE BANK
- 1.
- 2.
- 3.

**[Signature of Authorized representatives
(Office bearers) with office seal]**

**[Signature of Authorized representative
(Branch Manager) with office seal]**

स्वयं सहायता समूह को वित्त प्रदान करते समय बैंक द्वारा उपयोग में लिये जाने वाला करार पत्र



अध्यक्ष



सचिव



अन्य पदाधिकारी

मैसर्स (स्वयं सहायता समूह का नाम) लोगों / व्यक्तियों का एक गैर पंजीकृत समूह, जिसका कार्यालयमें है। जिसका प्रतिनिधित्व इसके प्राधिकृत प्रतिनिधि श्री / श्रीमती(नाम) (पदनाम) और श्री / श्रीमती(नाम)(पदनाम) ने किया, जो स्वयं सहायता समूह के सभी सदस्यों द्वारा पूर्णरूपेण प्राधिकृत है। इस प्रकार के प्राधिकरण-पत्र की प्रतिलिपि इसके साथ संलग्न है और वह इस करार का एक भाग है जिसे इसमें आगे ऋणकर्ता कहा गया है। उसके विषय या विषयवस्तु में जब तक कोई प्रतिकूल अभिव्यंजना न हो, का अर्थ और उसमें तत्समय गैर पंजीकृत समूह के सदस्य, उनके संबंधित उत्तराधिकारी, कानूनी वारिस प्रशासन और समनुदेशित शामिल है, एक पक्ष औरअधिनियम के अंतर्गत स्थापित बैंक एक निकाय, जिसका प्रधान कार्यालयऔर साथ ही साथ जिसकी एक शाखा में है, जिसे इसमें आगे बैंक कहा गया है उसके विषय या विषय वस्तु में जब तक कोई प्रतिकूल अभिव्यंजना न हो, का अर्थ और उसमें उत्तराधिकारी और समनुदेशित है, दूसरे पक्ष के द्वारा और के बीच में 200 केदिन यह करार किया गया। यथा ऋणकर्ता लोगों की एक गैर पंजीकृत संस्था समूह के रूप में एक दूसरे को परस्पर सहायता देने के लिये सहमत हुये है। यथा स्वयं सहायता समूह के रूप में बनाने पर ऋणकर्ताओं ने दिनांक के संकल्प (प्रतिलिपि संलग्न) के अनुसरण में ऋण लेने के लिये विधिवत प्राधिकृत उक्त श्रीमती(नाम)(पदनाम) द्वारा किये गये आवेदन के अनुसार बैंक से अनुरोध किया है कि वे रू . का ऋण प्रदान करें रू.....(रू.....मात्र).. तक की सीमा तक ऋण सुविधा प्रदान करें जिसमें से वे अपने सदस्यों को ऋण प्रदान करेंगे। और यथा बैंक / ऋणकर्ता को कुछ शर्तों पर ऋण प्रदान करने / ऋण सुविधा प्रदान करने के लिये सहमत हो गया है। और यथा, बैंक और ऋणकर्ता समस्त शर्तों को लिपिबद्ध करने के इच्छुक है।

अतः अब यह करार निम्नलिखित साक्ष्य प्रस्तुत करना है :-

1. बैंक रू..... (रू.मात्र) तक मियादी ऋण / नकद ऋण (बेजमानती) सीमा के रूप में ऋण प्रदान करने और ऋणकर्ता ऋण लेने के लिये सहमत है और बैंक समिति अपने बहीखाते में ऋणकर्ता के नाम से दिनांक कोखोता संख्या खोला है। (खाते के प्रकार का उल्लेख करें।)

2. यदि नकद ऋण सुविधा का उपयोग किया जाता है तो ऋणकर्ता संतोषप्रद ढंग से और सीमा के अधीन नकद ऋणखाते का परिचालन करेगा और ऋणकर्ता ब्याज सहित खाते में बकाया देयता और समय समय पर नामे किये गये अन्य प्रभारों की चुकौति मांग किये जाने पर बिना किसी आपत्ति के करेगा।
3. यदि लिये गये मांग ऋण है, मांग पर ऋण वापस मांगने के बैंक के अधिकार पर प्रतिकूल प्रभाव डाले बिना ऋणकर्ता संस्वीकृति की शर्तों में निर्धारित अवधि के भीतर ब्याज सहित ऋण और अन्य प्रभारों की चुकौति करने का वचन देता है। (जो लागू न हो उसे काट दें)
4. यदि ऋणकर्ता द्वारा उपयोग की गई ऋण सुविधा मियादी ऋण है तो उसकी चुकौती इसमें नीचे दी गई चुकौति अनुसूची में उल्लेखित ढंग से की जायेगी (उल्लेख करें) इसके अतिरिक्त ऋणकर्ता इस प्रकार के ऋण के लिये भारतीय रिजर्व बैंक / राष्ट्रीय बैंक / बैंक द्वारा समय समय पर निर्धारित दरों पर ब्याज का भुगतान करेगा।
5. उसके दोनों पक्षों और उनके बीच यह स्पष्ट समझौता हुआ है कि यदि ऋणकर्ता ऋण सुविधा की राशि का उपयोग उस प्रयोजन के लिये करने में असफल रहता है जिस प्रयोजन के लिये बैंक ने ऋणकर्ता को यह सुविधा उपलब्ध करायी है तो ऋणकर्ता अन्य कानूनी कार्यवाही करने के बैंक के अधिकार पर प्रतिकूल प्रभाव डाले बिना मांग पर ब्याज के साथ बिना किसी प्रकार की आपत्ति के तत्काल चुकौती करेगा।
6. ऋणकर्ता ऋणखाते में दैनिक शेष पर परिकल्पित किये जाने वाले और उसमेंआधार पर नाम किये जाने वाले ऋणों पर बैंक जिस तरह निर्णय करें ब्याज का भुगतान करेगा।
7. ऋणकर्ता अपने सदस्यों और उनके परिवारों के सामाजिक आर्थिक स्थिति सुधारने के लिये अपने सदस्यों को ऋण प्रदान करने के प्रयोजन के लिये ऋण सुविधा की राशि का उपयोग करेगा।
8. ऋणकर्ता उपयोग किये ऋण की राशि की चुकौति साथ ही इस प्रकार के ऋणों के लिये भारतीय रिजर्व बैंक / राष्ट्रीय बैंक / बैंक द्वारा समय समय निर्धारित की जाने वाली दरों पर ब्याज दरों पर ब्याज का भुगतान करेगा।
9. ऋणकर्ता बैंक / समिति के नियमों के अनुसार ऋणकर्ता द्वारा बैंक को देय ब्याज और अन्य प्रभारों के साथ मांग पर ऋण की राशि की चुकौति करने के लिये बाध्य होगा।
10. ऋणदाता बैंक / समिति राजस्थान स्टेट कोऑपरेटिव बैंक / नाबार्ड के अधिकारी अथवा उनके द्वारा प्राधिकृत व्यक्ति द्वारा ऋणकर्ता स्वयं सहायता समूह के रेकार्ड का निरीक्षण आवश्यकतानुसार किया जा सकेगा।

चुकौती अनुसूची – माह से रू. + ब्याज, किशतों में देय

(कृप्या उल्लेख करें)

उसके दोनों पक्षों ने साक्ष्य स्वरूप शुरू में इसके उपर लिखित दिनांकमाह.....वर्ष को हस्ताक्षर किये।

वास्तें स्वयं सहायता समूह

वास्ते बैंक

1. प्राधिकृत प्रतिनिधि
2. प्राधिकृत प्रतिनिधि
3. प्राधिकृत प्रतिनिधि

शाखा प्रबन्धक / व्यवस्थापक

GUIDE ON TRANSACTION IN LOAN ACCOUNT

Date of transaction	Particulars	Cheque no	Debit	Credit	Balance	
05-02-2004	By Transfer		25000.00		25000.00	
05-03-2004	Interest		250.00		25250.00	Outstanding Balance after interest charged
06-06-2004	By Cash			5000.00	20250.00	
05-06-2004	Interest		203.00		20453.00	
30-06-2004	By Cash			5000.00	15453.00	Outstanding Balance after repayment by SHG

Cash Withdrawal by Bank

Repayment by SHG

Chapter-IV

**COMMUNITY BASED RECOVERY
MECHANISM (CBRM)**

COMMUNITY BASED RECOVERY MECHANISM

What is CBRM?

CBRM is an arrangement between banks and community institutions to ensure prompt repayment of loans to SHGs. This arrangement is also helpful in term of planning for SHG bank linkage – opening of new Savings account for SHGs, credit linkage of loans. Local Issues being faced by bank and community also resolved through this mechanism.

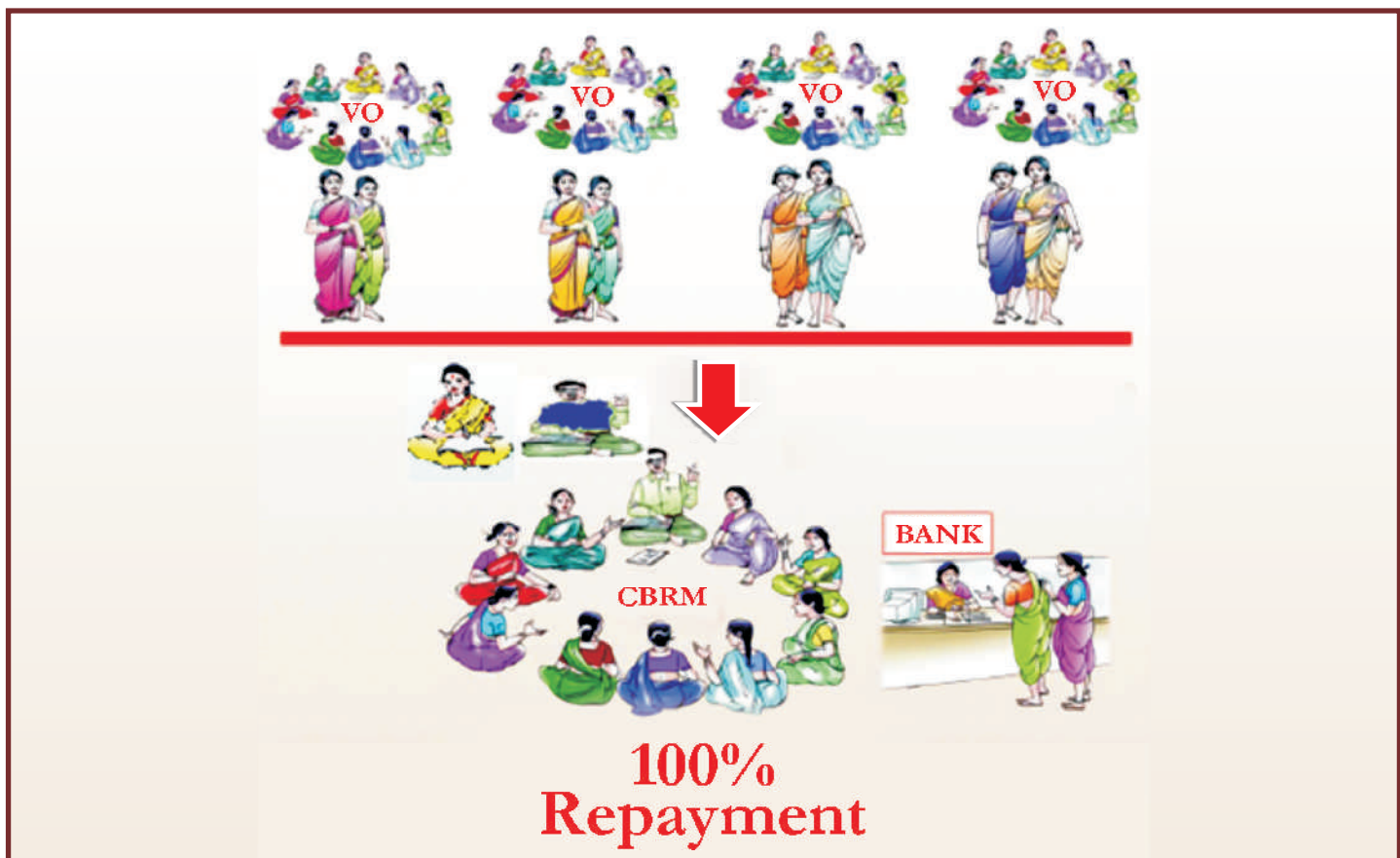
The unit of this mechanism is a committee at bank branch level with representatives of SHGs/ Village Organisations as members headed by the branch manager.

Who are the members of CBRM Committee?

Members of the CBRM committee are as follows:

- Members of the Bank Linkage sub-Committee (2-3 members) from all VO within the Bank Branch Area Bank Mitra (if placed with the bank branch)
- Staff of SRLM in-charge of the area (Community Coordinator/ Area Coordinator/ PFT member)
- Respective Bank Branch Manager as Chairman of the committee.

How Does CBRM function?



The CBRM committee holds meeting at least once a month.

The following agenda is usually taken for discussion during the CBRM committee meeting.

- Discussion on the repayment performance of each Credit linked SHG (VO wise) during last month
- Discuss in details reasons for defaults in any SHG and prepare follow-up/ action plan (with responsibility of Bank Sakhi, VO and Bank Manager)
- Discussion on plan for the next month
 - Repeat Credit linkage of SHGs
 - Credit linkage of new SHG
 - Opening of SB A/C for new SHG
- The Cluster Level Federation (CLF) and SRLM may monitor the regularity of CBRM committee meetings.

What is the role of Bank Sakhi in CBRM?

The Bank Sakhi is expected to perform the following roles for CBRM:

- Prepare the minutes of the meeting of CBRM committee
- Assist SHGs in completing documentation for Savings account opening and credit linkage as per the plan
- Follow-up with respective SHGs for repayment in case of NPA

Chapter-V
KEY TERMS

1. **Commercial Banks :** The main objective of a Commercial Bank is to accept deposits from public for the purpose of lending to industry and commerce. Commercial banks operate over a larger area across multiple states.
2. **Regional Rural Banks (RRB) :** Regional Rural Banks have been created to serve the rural areas with banking and financial services, mobilize savings from rural / semi-urban areas and grant loans mostly to small and marginal farmers, agricultural laborers and rural artisans. The area of operation of RRBs is limited to the area as notified by Government of India covering one or more districts in each State.

Eg: Bhar Gramin Bank; Odisha Gramya Bank
3. **Cooperative Banks :** The main objective of a Co-operative Bank is to accept deposits from the members and the public for the purpose of providing loans to farmers and small businessmen with a motto of service. The area of operations of Co-operative Banks is limited and mostly confined to State. They do not operate at national level.
4. **Nationalized Banks :** Banks with majority ownership and management with Central Government. They are also called 'Public Sector Banks' Nationalization of banks started in 1969. Currently there are 26 nationalized banks in India.
5. **Private Banks :** The ownership of such banks is with private individuals or limited partners. However such banks are regulated by RBI.

Eg: ICICI Bank; HDFC Bank
6. **Reserve Bank of India (RBI) :** Reserve Bank of India is the Central Bank of our country. It was established on 1st April 1935. It holds the apex position in the banking structure. RBI performs various developmental and promotional functions. RBI acts as a banker to Government and Banks. The Central Bank maintains record of all government revenues and expenditure under different heads. It maintains deposit account of all other banks and advances money to other banks, when required. Another important function of the central bank is issuance of currency notes and regulating their circulation in the country.
7. **Revolving Fund (RF) :** It is provided by the project to capitalize SHGs. SHGs with defined eligibility criteria can access this fund to further on-lend to members.
8. **Community Investment Fund (CIF) :** It is a Capital Assistance provided by NRLM to community institutions. This fund is ideally routed through federations wherever existant. SHGs can access this as loan fulfilling certain eligibility criteria and as per the MCP prepared by them.
9. **Micro Credit Plan (MCP) :** It is a combined investment plan prepared by all members of Self Help Group. Both household and investment credit needs of each member is reflected in MCP.

10. **Service Area :** All the villages in each district were allocated to the nearest bank branches for providing adequate banking services. This cluster of villages is known as service area of the bank branch. A service area will have 15-25 villages.
11. **Bank Branch :** It is the basic centre and point of all banking business
12. **BLBC :** Block Level Banker's Committee (BLBC) is an Inter Institutional Forum at Block Level aimed at achieving coordination between credit institutions on one hand and field level development agencies on the other to facilitate effective implementation of credit plans at block level. All the banks operating in the block including the district central co-operative banks and RRB, Block Development Officer, and other technical officers in the block, such as extension officers for agriculture, industries and co-operatives. BLBC meetings are held once a quarter. The Lead District Officer of RBI and the officer concerned from NABARD attend the meetings of the BLBCs
13. **BLBC convenor :** Convenes the BLBC meeting. The branch manager of the Lead Bank in the block will act as convenor for BLBC
14. **DLCC :** DLCC is an Inter Institutional Forum at District Level for co-ordination and joint implementation of development programmes by all Banks & Financial Institutions on the one hand and Government Departments on the other. The role of DLCC is to find solutions to the problem hindering the smooth functioning of the various developmental activities under the Lead Bank Scheme at the district level. All Commercial Banks, Co-operative Banks including DCCB and SLDB, RRBs, NABARD, etc. and various State Government departments and allied agencies are members of this committee. District Collector is the chairperson for this committee. DLCC meetings are held once a quarter.
15. **DLRC :** DLRC is an Inter Institutional Forum at District Level for co-ordination and joint implementation of development programmes by all Banks & Financial Institutions on the one hand and Government Departments on the Other. The role of DLRC is to evaluate progress made in implementation of District Credit Plans, identify problems and suggest solutions. Local MPs and MLAs, Representative of State Minority Commission, SC/ST Corporation and Zilla Parishad Chief are members of the DLRC. District Collector is the chairperson for this committee. DLRC meetings are held once a quarter.
16. **LDM :** Lead District Manager (LDM) is a senior banker. LDM acts as convenor for the DLCC and DLRC. LDM is responsible for day to day implementation of the district credit plan.
17. **SLBC :** SLBC is an Inter Institutional Forum for co-ordination and joint implementation of development programmes by all financial institutions operating in a State. The role of SLBC is to review and enhance the Banking developments in the State. Representatives of all commercial

banks (including RRBs), State Co-operative Banks, Land Development Banks (LDB), NABARD, RBI, and Representatives of Departments of State Governments are members of this committee. SLBC meetings are held once a quarter.

18. **SLBC Convenor** : SLBC Convenor is a senior officer (usually Zonal Head) from the SLBC convening Bank. SLBC convenor organizes the meeting of the SLBC.
19. **Know Your Customer (KYC)** : It is the process used by banks to verify the identity of customers through valid documents as prescribed by RBI.
20. **Basic Savings Bank Deposit Account (BSBDA)** : It is a basic savings account offered by banks to their customers.
21. **Term Loan (TL)** : Term loan is a loan from a bank for a specific amount that has a specified repayment schedule and a floating interest rate.
22. **Cash Credit Limit (CCL)** : The Cash Credit Limit is a loan facility/ overdraft facility extended to the SHG by a bank. This loan limit is usually sanctioned for a period of 3-5 years based on the corpus/ savings of the SHG up to the end of 3/5 years. The drawing limit for each year can be fixed based on the actual pooled corpus reached.
23. **Pay-in-Slip** : It is the slip for depositing money in bank account.
24. **Withdrawal Slip** : It is the slip for withdrawal of money from bank account.
25. **Cheque** : A cheque is a document that orders a bank to pay money from an account. The person writing the cheque is the drawer, has a transaction banking account where his/her money is held. The person to whom the money is to be paid is called 'Payee'.

Chapter-VI
FREQUENTLY ASKED QUESTIONS

Q1. What should be the maximum and minimum number of members in SHG?

Ans. The number of members in SHG is generally 10-20. In difficult areas SHGs with 5 members can also be formed. However the maximum number of members in SHG should be 20.

Q2. When should SHG open bank account?

Ans. Bank account of SHG should ideally be opened within 2 months of formation of SHG.

Q3. In whose name should the account of SHG be opened?

Ans. Bank account should be opened in name of the SHG only.

Q4. Are all the members of SHG required to furnish KYC documents?

Ans. Only the office bearers are required to furnish KYC documents for opening bank account.

Q5. Is it mandatory for opening savings account of all members prior to account opening of SHG?

Ans. It is not mandatory for all members to open bank account prior to opening savings bank account of the SHG. However, in the interests of individual members, it is advised that all members also have individual saving bank accounts.

Q6. What is the minimum initial deposit required for opening bank account?

Ans. SHGs are expected to open Basic Savings Bank Deposit Account (BSBDA). As per RBI norms, there is no requirement of initial deposit at the time of opening account.

Q7. Should the savings of SHG deposited in bank account?

Ans. No. As a good practice, the savings of members should be rotated internally. Any surplus with the SHG may be deposited in the bank.

Q8. In which bank should the SHG open bank account?

Ans. Under NRLM, SHGs are required to open their account with respective Service Area bank branches.

Q9. Can a SHG have more than one bank account?

Ans. As per RBI norms, one entity cannot have more than one BSBDA account. However, SHG can open other type of accounts like current account, recurring deposit account etc., as per requirement.

Q10. Who should be the signatory of SHG bank account?

Ans. Office bearers of SHG are the signatories of the SHG bank account.

Q11. Is it mandatory for SHG to submit the copy of resolution for withdrawal of money from saving bank account to the bank?

Ans. There is no such requirement to submit copy of SHG resolution for withdrawal of money from savings bank. However to maintain transparency, under normal circumstances it is recommended that decision for withdrawal of money from bank is taken at SHG meetings.

Q12. Can other members withdraw money from SHG's bank account?

Ans. No, members other than the authorized signatories cannot withdraw money from saving bank account.

Q13. Can the signatory be changed?

Ans. Yes. As and when office bearers of SHG change the signatories also change. An application for change of signatories needs to be submitted to the bank.

Q14. What should the SHG do with the counterfoil of the pay-in slips?

Ans. All counterfoils should be properly maintained in a file folder for accounting purpose and future reference.

Q15. What is the minimum age for credit linkage of SHG?

Ans. For credit linkage, the SHG should have a minimum age of 6 months.

Q16. Is SHG required to furnish KYC documents again at the time of credit linkage?

Ans. As per RBI guidelines, if the SHG have furnished complete KYC documents of office bearers at time of account opening, there is no further requirement of KYC at the time of credit linkage.

Q17. What is the amount of loan sanctioned to SHG by bank?

Ans. As per RBI master circular, the loan amount that should be sanctioned to SHG is as follows:

- First dose: Rs. 50,000 or 4-8 times the corpus, whichever is higher.
- Second dose: Rs. 1 lakhs or 5- 10 times existing corpus and proposed savings for next 12 months, whichever is higher.
- Third dose: Minimum of Rs. 2 lakhs, based on the MCP.
- Fourth dose onwards: Loan amount can be between Rs. 5 lakh and 10 lakh, based on the MCP.

Q18. What Constitutes 'Corpus of SHG'?

Ans. Corpus of SHGs includes the following:

- Savings of all members of SHG
- Interest income of SHG (from lending to members)
- Any revolving fund received by SHG
- Other grants received by SHG

Q19. Can SHG get a 'Term Loan'?

Ans. SHGs can avail either Term loan or a Cash Credit Limit (CCL) loan or both based on the need.

Q20. What is the period of repayment for bank loan?

Ans. As per RBI master circular, the period of repayment for bank loan is as follows:

- First dose - 6-12 installments (months)
- Second dose - 12-24 installments (months)
- Third dose - based on MCP - repayment either monthly/quarterly/half yearly based on the cash flow (2 to 5 Years)
- Fourth dose onwards: repayment has to be either monthly/quarterly /half yearly based on the cash flow (3 to 6 Years)

Q21. Do bank change any processing fees and service charge while sanctioning loan to SHG?

Ans. As SHG loans are treated as advance to weaker sections, banks should not levy any service charge or processing fees on loans to SHGs

Q22. Is there any stamp duty on bank loan?

Ans. Stamp duty is charged by state governments. Banks collect stamp duty from SHGs and remit the same to the state governments. In many states, stamp duty on SHGs has been waived.

Q23. What is the interest rate charged by bank on loans to SHG?

Ans. Banks are free to decide the interest charged on loans to the SHGs. Under NRLM, SHGs repaying promptly can benefit from interest subvention, reducing effective interest rates to 4% in select 150 districts and 7% in remaining districts.

Q24. Do banks give any subsidy on loans?

Ans. No, banks do not give any subsidy on loans.

Q25. Is it mandatory for the SHG to buy insurance from bank while taking bank loan?

Ans. No, it is not mandatory for SHGs to buy insurance from banks while taking bank loan.

Q26. Can SHG take more than one loan from the same bank?

Ans. Under normal circumstances, banks will issue only one loan to a SHG. However in case of matured SHGs, bank may provide additional loans as working capital for enterprises taken up by them.

Q27. Can SHG take two loans from two different banks?

Ans. No. SHGs cannot access two loans from two different banks.

Q28. Where should the installment amount on bank loan be deposited?

Ans. SHG should deposit their installment amount at the bank branches only. In areas where bank branches are far, SHGs may also deposit their installment amount with 'Business Correspondents' functioning in the area.

Q29. Should bank Sakhi collect repayments from SHGs directly?

Ans. Bank Sakhi should not collect any cash from SHGs directly or indirectly.

Q30. If there are any default members in SHG, can the SHG still get loan from bank?

Ans. If the members are not individual defaulters (their family members are defaulters), the SHG can access loan from bank.

In case a few members are defaulters, the SHG can still access loan from the bank provided the defaulting members are not provided the bank loan.

Q31. In case the SHG defaults on the bank loan, are the signatories of SHG only liable to repay?

Ans. In case a SHG defaults, all members are jointly liable to repay and not just the signatories.

Q32. Should bank Sakhi take up other work in the banks besides supporting SHGs?

Ans. The focus of Bank Sakhi is on supporting the SHGs in their transactions with banks. If time permits and in the interest of developing a rapport with the bank, bank Sakhi may take up other activities, provided their main task is not hampered.

Appendix
IMPORTANT CIRCULARS



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2012-13/559

RPCD. GSSD. CO. No 81 / 09.01.03/2012-13

June 27, 2013

The Chairman/ Managing Director

All Scheduled Commercial Banks

Including Regional Rural Banks

Dear Sir,

Priority Sector Lending- Restructuring of SGSY as National Rural Livelihood Mission (NRLM) - Aajeevika

Please refer to The Master Circular RPCD. GSSD. BC. No.1/09.01.01/2012 – 13 dated July 2, 2012 on Priority Sector Lending- Special Programmes - Swarnajayanti Gram Swarozgar Yojana (SGSY).

1. Background

- 1.1. The Ministry of Rural Development, Government of India has launched National Rural Livelihood Mission (NRLM) by restructuring Swarnajayanti Gram Swarozgar Yojana (SGSY) replacing the existing SGSY scheme, effective from April 1, 2013.
- 1.2. NRLM is the flagship program of Govt. 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 services. NRLM is designed to be a highly intensive program and focuses on intensive application of human and material resources in order to mobilize the poor into functionally effective community owned institutions, promote their financial inclusion and strengthen their livelihoods. NRLM complements these institutional platforms of the poor with services that include financial and capital services, production and productivity enhancement services, technology, knowledge, skills and inputs, market linkage, etc. The community institutions also offer a platform for convergence and partnerships with various stakeholders by building environment for the poor to access their rights and entitlements and public service.
- 1.3. A women's self help group, coming together on the basis of mutual affinity is the primary building block of the NRLM community institutional design. NRLM focuses on building, nurturing and strengthening the institutions of the poor women, including the SHGs and their Federations at village and higher levels. In addition NRLM will promote livelihoods institutions of rural poor. The mission will provide a continuous hand-holding support to the institutions of

poor for a period of 5 – 7 years till they come out of abject poverty. The community institutional architecture put in place under NRLM will provide support for a much longer duration and of a greater intensity.

- 1.4 The support from NRLM will include all round capacity building of the SHGs ensuring that the group functions effectively on all issues concerning their members, financial management, providing them with initial fund support to address vulnerabilities and high cost indebtedness, formation and nurturing of SHG federations, making the federations as strong support organizations, making the livelihoods of the poor sustainable, formation and nurturing of livelihoods organizations, skill development of the rural youth to take up self enterprises or jobs in organized sector, enabling these institutions to access their entitlements from the key line departments, etc.
- 1.5 The implementation of NRLM is in a Mission Mode. NRLM adopts a demand driven approach, enabling the States to formulate their own State specific poverty reduction action plans. NRLM enables the State rural livelihoods missions to professionalize their human resources at State, district and block level. The State missions are capacitated to deliver a wide range of quality services to the rural poor. NRLM emphasises: continuous capacity building, imparting requisite skills and creating linkages with livelihoods opportunities for the poor, including those emerging in the organized sector, and monitoring against targets of poverty reduction outcomes. The blocks and districts in which all the components of NRLM will be implemented, either through the SRLMs or partner institutions or NGOs, will be the intensive blocks and districts, whereas remaining will be non-intensive blocks and districts. The selection of intensive districts will be done by the states based on the demographic vulnerabilities. It will be rolled out in a phased manner over the next 7 - 8 years. All blocks in the country will become intensive blocks over time.

2. Key Difference from SGSY

- 2.1 NRLM is promoting a major shift from purely ‘allocation based’ strategy to a ‘demand driven’ strategy wherein states have the flexibility to develop their own plans for capacity building of women SHGs and Federations, infrastructure and marketing, and policy for financial assistance for the SHGs.
- 2.2 NRLM will identify the target group of poor through a ‘participatory identification of the poor’ process instead of using the BPL list as was done in SGSY. This will ensure that the voiceless, poorest of poor are not ignored. In fact under NRLM, the first preference is given to the poorest of poor households.
- 2.3 NRLM will promote the formation of women SHGs on the basis of affinity and not on the basis of a common activity, as it used to be under SGSY. It is definitely possible that members who come together on the basis of affinity could be having a common activity.
- 2.4 Unlike SGSY, the NRLM has taken a saturation approach and will ensure all the poor in a village are covered and a woman from each poor family is motivated to join the SHG.

- 2.5 SHG Federations: All SHGs in a village come together to form a federation at the village level. The village federation is a very important support structure for the members and their SHGs. The cluster federation is the next level of federation. A cluster consists of a group of villages within a block. The exact configuration will vary from State to State, but typically a cluster consists of 25 - 40 villages. The Village federations and the Cluster federations are the two critical support structures for the SHG s and their members in their long journey out of poverty.
- 2.6 NRLM will provide continuous hand-holding support to SHGs, and their federations. This was missing in SGSY. Under NRLM this support will be provided to a great extent by capacitating the SHG federations and by building a cadre of community professionals from among the poor women. The federations and the community professionals will be imparted the necessary skills by the mission.
- 2.7 The objective of NRLM is to ensure that SHG s are enabled to access repeat finance from Banks, till they attain sustainable livelihoods and decent living standards. This was missing in SGSY, where the emphasis was on one time support.

Annexure A provides with the key features of NRLM.

3. Women SHGs and their Federations

- 3.1 Women SHGs under NRLM consist of 10-15 persons. 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 persons.
- 3.2 NRLM will promote affinity based women Self –help groups.
- 3.3 Only for groups to be formed with Persons with disabilities, and other special categories like elders, transgenders, NRLM will have both men and women in the self-help groups.
- 3.4 SHG is an informal group and registration under any Societies Act, State cooperative Act or a partnership firm is not mandatory vide Circular RPCD. No. Plan BC.13/PL-09.22/90-91 dated July 24th, 1991. However Federations of SHGs formed at village level, cluster level, and at higher levels are to be registered under appropriate acts prevailing in their States.

Financial Assistance to the SHGs

4 Revolving Fund (RF)

NRLM would provide a Revolving Fund (RF) support to SHGs in existence for a minimum period of 3/6 months and follow the norms of good SHGs, i.e they follow ‘Panchasutra’ – regular meetings, regular savings, regular internal lending, regular recoveries and maintenance of proper books of accounts. Only such SHGs that have not received any RF earlier will be provided with RF, as corpus, with a minimum of Rs. 10,000 and up to a maximum of Rs. 15,000 per SHG. The purpose of RF is to strengthen their institutional and financial management capacity and build a good credit history within the group.

5. Capital Subsidy has been discontinued under NRLM

No Capital Subsidy will be sanctioned to any SHG from the date of implementation of NRLM.

6. Community Investment Support Fund (CIF)

CIF will be provided to the SHGs in the intensive blocks, routed through the Village level/ Cluster level Federations, to be maintained in perpetuity by the Federations. The CIF will be used, by the Federations, to advance loans to the SHGs and/or to undertake the common/collective socio-economic activities.

7. Introduction of Interest subvention

NRLM has a provision for interest subvention, to cover the difference between the Lending Rate of the banks and 7%, on all credit from the banks/ financial institutions availed by women SHGs, for a maximum of Rs 3,00,000 per SHG. This will be available across the country in two ways:

- i. In 150 identified districts, banks will lend to all the women SHGs @7% upto an aggregated loan amount of Rs 3,00,000/- . The SHGs will also get 5 additional interest subvention of 3% on prompt payment, reducing the effective rate of interest to 4%.
- ii. In the remaining districts also, NRLM compliant women SHGs will be registered with SRLMs. These SHGs are eligible for interest subvention to the extent of difference between the lending rates and 7% for the loan upto Rs. 3 lakhs, subjected to the norms prescribed by the respective SRLMs. This part of the scheme will be operationalized by SRLMs.

(A separate circular will be issued regarding the detailed guideline on interest subvention and its operationalization across the country alongwith the list of 150 identified districts)

8. Role of banks

8.1 Opening of Savings accounts: The role of banks would commence with opening of accounts for all the Women SHGs, SHGs with members of Disability and the Federations of the SHGs. The 'Know Your Customer' (KYC) norms as specified from time to time by Reserve Bank of India are applicable for identification of the customers.

8.2 Lending Norms:

8.2.1 The eligibility criteria for the SHGs to avail loans

- SHG should be in active existence at least since the last 6 months as per the books of account of SHGs and not from the date of opening of S/B account.
- SHG should be practicing 'Panchasutras' i.e. Regular meetings; Regular savings; Regular inter-lending; Timely repayment; and Up-to-date books of accounts;
- Qualified as per grading norms fixed by NABARD. As and when the Federations of the SHGs come to existence, the grading exercise can be done by the Federations to support the Banks.
- 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.

8.2.2 Loan amount: Emphasis is laid on the multiple doses of assistance under NRLM. This would mean assisting an SHG over a period of time, through repeat doses of credit, to enable them to access higher amounts of credit for taking up sustainable livelihoods and improve on the quality of life. The amount of various doses of credit should be as follows:

- First dose: 4-8 times to the proposed corpus during the year or Rs. 50,000 whichever is higher.
- Second dose: 5-10 times of existing corpus and proposed saving during the next twelve months or Rs. 1 lakhs, whichever is higher.
- Third dose: Minimum of Rs. 2 lakhs, based on the Micro credit plan prepared by the SHGs and appraised by the Federations/Support agency and the previous credit history
- Fourth dose onwards: Loan amount can be between Rs. 5-10 lakhs for fourth dose and/or higher in subsequent doses. The loan amount will be based on the Micro Credit Plans of the SHGs and their members.

The loans may be used for meeting social needs, high cost debt swapping and taking up sustainable livelihoods by the individual members within the SHGs or to finance any viable common activity started by the SHGs.

(Corpus is inclusive of revolving funds, if any, received by that SHG, its own savings and funds from other sources in case of promotion by other institutes/NGOs.)

8.3 Type of facility and repayment

8.3.1 SHGs can avail either Term loan or a CCL loan or both based on the need. In case of need, additional loan can be sanctioned even though the previous loan is outstanding.

8.3.2 Repayment schedule could be as follows:

- The first dose of loan will be repaid in 6-12 instalments
- Second dose of loan will be repaid in 12-24 months.
- Third dose will be sanctioned based on the micro credit plans, the repayment has to be either monthly/quarterly /half yearly based on the cash flow and it has to be between 2 to 5 Years.
- Fourth dose onwards: repayment has to be either monthly/quarterly /half yearly based on the cash flow and it has to be between 3 to 6 Years

8.4. Security and Margin

No collateral and no margin will be charged upto Rs. 10.00 lakhs limit to the SHGs. No lien should be marked against savings bank account of SHGs and no deposits should be insisted while sanctioning loans.

8.5. Dealing with Defaulters

8.5.1 It is desirable that wilful defaulters should not be financed under NRLM. In case wilful defaulters are members of a group, they might be allowed to benefit from the thrift and credit

activities of the group including the corpus built up with the assistance of Revolving Fund. But at the stage of assistance for economic activities, the wilful defaulters should not have the benefit of further assistance until the outstanding loans are repaid. Wilful defaulters of the group should not get benefits under the NRLM Scheme and the group may be financed excluding such defaulters while documenting the loan.

8.5.2 Further, non-wilful defaulters should not be debarred from receiving the loan. In case of defaulters due to genuine reasons, Banks may follow the norms suggested for restructuring the account with revised repayment schedule.

9. Credit Target Planning

9.1 Based on the potential linked plan/state focus paper prepared by NABARD, SLBC sub-committee may arrive at the district-wise, block-wise and branch-wise credit plan. The sub-committee has to 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 should be reviewed and monitored periodically for effective implementation

9.2. The district-wise credit plans should be communicated to the DCC. The Block-wise/Cluster-wise targets are to be communicated to the bank Branches through the Controllers.

10. Post Credit follow-up

10.1 Loan pass books 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 the SHGs. At the time of documentation and disbursement of loan, it is advisable to clearly explain the terms and conditions as part of financial literacy

10.2 Bank branches may observe one fixed day in a fortnightly to enable the staff to go to the field and attend the meetings of the SHGs and Federations to observe the operations of the SHGs and keep a track of the regularity in the SHGs meetings and performance.

11. Repayment

Prompt repayment of the loans is necessary to ensure the success of the programme. Banks shall take all possible measures, i.e. personal contact, organization of joint recovery camps with District Mission Management Units(DPMUs) / DRDAs to ensure the recovery of loans. Keeping in view, the importance of loan recovery, banks should prepare a list of defaulters under NRLM every month and furnish the list in the BLBC, DLCC meetings. This would ensure that NRLM staff at the district/ block level will assist the bankers in initiating the repayment.

12. Deputation of the bank officials to SRLMs

As a measure of strengthening the (DPMUs) / DRDAs and for promoting a better credit environment, deputation of the bank officials to DPMUs/ DRDAs has been suggested. Banks may consider deputing officers at various levels to the State Governments/DRDAs in consultation with them.

13. Supervision and monitoring of the Scheme

Banks may set up NRLM cells at Regional/Zonal office. These cells should periodically monitor and review the flow of credit to the SHGs, ensure the implementation of the guidelines to the scheme, collect data from the branches and make available consolidated data to the Head office and the NRLM units at the districts/ blocks. The cell should also discuss this consolidated data in the SLBC, BLBC and DCC meetings regularly to maintain the effective communication with the state staff and all banks.

- 13.1 State Level Banker's 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. The sub-committee shall meet once a month with a specific agenda of review, implementation and monitoring of the SHG-Bank linkage and the issues/ constraints in achievement of the credit target. The decisions of SLBCs should be derived from the analysis of the reports of the sub-committee.
- 13.2 District Coordination Committee: The DCC (NRLM sub-committee) shall regularly monitor the flow of credit to SHGs at the district level and resolve issues that constrain the flow of credit to the SHGs at district level. This committee meeting should have participation of LDMs, AGM of NABARD, district coordinators of the banks and DPMU staff representing NRLM and office bearers of SHG federations.
- 13.3 Block level Bankers Committee: The BLBC shall meet regularly and take up issues of SHG bank linkage at the block level. In this Committee, the SHGs/ Federations of the 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 (Annex B and C may be used for the purpose)
- 13.4 Reporting to Lead District Managers: The branches may furnish the progress report and the delinquency report achieved under various activities of NRLM in the format at Annex 'B' and 'Annex C' to the LDM every month for onward submission to Special Steering Committee/sub-committee constituted by SLBC.
- 13.5 Reporting to RBI: Banks may give a state-wise consolidated report on the progress made on NRLM to RBI/NABARD at monthly intervals.
- 13.6 Reporting on SHG-Bank linkages: NABARD shall submit monthly report on the SHG bank linkage, data for which shall flow from the CBS platform to NRLM on regular basis.
- 13.7 LBR returns: Existing procedure of submitting LBR returns to be continued duly furnishing the correct code.

14. Data Sharing

Data sharing on a mutually agreed format / interval may be provided to SRLM for initiating various strategies including recovery etc. The financing banks may enter into a Memorandum of Understanding (MOU) for regular data sharing with the State Rural Livelihood Missions, through the CBS platform.

15. NRLM Support to the Bankers

- 15.1 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.
- 15.2 SRLM will assist the SHGs through imparting Financial literacy, extending counselling services on savings, credit and training on Micro-investment Planning embedded in capacity building
- 15.3 Improving quality of banking services to poor clients by positioning customer relationship managers (Bank Sakhi)
- 15.4 Leveraging IT mobile technologies and institutions of poor and youth as business facilitators and business correspondents.
- 15.5. Community based recovery mechanism: One exclusive sub - committee for SHG Bank Linkage may be formed at village/cluster/ block level which will provide support to the 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 will meet once in a month under the chairmanship of the Branch Manager in the branch premises with the agenda items relating to bank linkage.

16. Closure of SGSY Scheme

- 16.1 Banks may commence extending credit under NRLM replacing SGSY from 1st July 2013.
- 16.2 In respect of Loans sanctioned under SGSY during 2012-13 for which subsidy is released, the banks may disburse the loan before 30th June 2013 or return the subsidy amount, if the loan is not disbursed.
- 16.3 The loans sanctioned by banks on or after April 1st, 2013 will be covered under the ambit of NRLM.
- 16.4 In case of part disbursal of loans, the Banks may disburse the full amount by availing the balance subsidy amount under SGSY.
- 16.5 Interest subvention scheme is not applicable for the outstanding loans sanctioned under SGSY, where capital subsidy is already released.

Yours Faithfully,

(R. K. Moolchandani)
General Manager

Encl: As above

KYC FOR SHG



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2012-13/459

DBOD.AML.BC. No.87/14.01.001/2012-13

March 28, 2013

The Chairmen / CEOs of all Scheduled Commercial Banks

(Excluding RRBs)/Local Area Banks / All India Financial Institutions

Dear Sir,

Know Your Customer (KYC) norms / Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under Prevention of Money Laundering Act (PMLA), 2002 - Simplifying norms for Self Help Groups

Please refer to our circular DBOD.AML.BC. No. 65/14.01.001/ 2012-13 dated December 10, 2012 on simplification of Know Your Customer (KYC) norms / Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA, 2002. In order to address the difficulties faced by Self Help Groups (SHGs) in complying with KYC norms while opening savings bank accounts and credit linking of their accounts, it has been decided to simplify certain norms for SHGs.

2. Accordingly, KYC verification of all the members of SHG need not be done while opening the savings bank account of the SHG and KYC verification of all the office bearers would suffice. As regards KYC verification at the time of credit linking of SHGs, it is clarified that since KYC would have already been verified while opening the savings bank account and the account continues to be in operation and is to be used for credit linkage, no separate KYC verification of the members or office bearers is necessary.

3. Banks may revise their KYC policy in the light of the above instructions and ensure strict adherence to the same.

Yours faithfully,

(Sudha Damodar)

Chief General Manager

Appendix

REPORTING FORMATS FOR BANK SAKHI

FORMAT FOR BANK LINKAGE REGISTER

(To be maintained Village Wise)

Name of Village:

Name of Bank:

Name of Village Organisation:

Name of Branch:

Sl	Name of SHG	SB A/c No	Loan Cycle	Loan A/c No.	Date of Loan Sanction for TL/ Date of renewal for CCL	Amount of loan disbursed (Rs)	Amount of loan outstanding (Rs)

FORMAT FOR REPAYMENT REGISTER

(To be maintained SHG Wise)

Name of Village:

Name of Bank:

Name of Village Organisation:

Name of Branch:

Name of SHG:

SB A/c No:

Loan A/c No. :

Loan Cycle:

Date of Loan Sanction for TL/ Date of renewal for CCL:

Amount of loan disbursed (Rs):

Month	Date	Installment Amount Due	Amount Repaid	Loan Outstanding*
Month 1				
Month 2				
Month 3				
Month 4				
Month 5				
Month 6				
Month 7				
Month 8				
Month 9				
Month 10				
Month 11				
Month 12				
Month 23				
Month 24				

(*) – Loan Outstanding amount to be reconciled with bank records at least once a quarter

FORMAT FOR TASK PERFORMED REGISTER

(To be maintained day wise)

Name of Bank Sakhi:

Name of Bank:

Name of Branch:

Name of CLF (if Any):

Date	Details of Tasks Performed

FORMAT OF REPORT TO BE SUBMITTED TO CLF

Name of Bank Sakhi:

Name of Bank:

Name of Branch:

Name of CLF (if Any):

Sl	Date	Support Provided to SHGs within Bank Branch		Support Provided to SHGs during Field Visit		Other Tasks Performed
		Name of SHG	Nature of support provided	Name of SHG	Nature of support provided	

Signature of Branch Manager

Signature of Bank Sakhi

Appendix

IMPORTANT CONTACTS

SRLM

- State Mission Manager –
- District Mission Manager –
- Block Mission Manager –
- Community Coordinator / PFT member –

Banks

- Bank Branch Manager –
- District Coordinator –
- Lead District Manager –

Community Institutions

- President, CLF –
- Secretary, CLF –
- Manager, CLF -
- Book keeper, CLF –
- President, VO 1 –
- Secretary, VO 1 –
- Book Keeper VO 1 -
- President, VO 2 –
- Secretary, VO 2 –
- Book Keeper VO 2 -

Regulators

- District Development Manager (DDM), NABARD –
- District Coordinator, RBI –

Others

- Other Bank Sakhi (in adjoining branches)
- Trainer, Bank Sakhi -

4. Name and signature of SHG members

Sl No	Name of SHG members	Name of Father/Husband (Male/ Female)	Gender	Age	Signature /Thumb Impression
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
16					
17					
18					
19					
20					

5. We hereby declare that the above information is true and correct. We have agreed to the terms and conditions and also agree to abide by any amendments to the terms and conditions as may be stipulated by the Bank from time to time.

Yours faithfully,

1. _____ 2. _____ 3. _____

(Signature/Thumb Impression of SHG Representatives with Seal of SHG)

Date:

Place:

Enclosure:

- i. Copy of Resolution by Self Help Group to open Savings Account
- ii. Photographs of authorized representatives
- iii. Copy of ID and address proof of authorized representatives.

For Bank Use Only

- 1. The applicant has affixed his signature or thumb print, as the case may be, in my presence
- 2. I have explained the rules / regulations to the applicant _____
- 3. Account has been opened on _____
- 4. Cheque Book has been issued.

Date: _____ Officer _____

SPECIMEN COPY OF RESOLUTION BY SELF HELP GROUP FOR OPENING SAVINGS ACCOUNT

Name of SHG:

Address:

Date of Formation:

Total No. of Members: Name of Facilitating Agency:

Resolution for Opening Savings Bank Account

Today on(Date), at the meeting of(name of SHG) at(meeting place of SHG/ address) in presence of all its members, it is resolved that our(name of SHG) will open a savings bank a/c in Bank.....Branch. It has also been further resolved that Shri/Smt..... (Designation); Shri/ Smt..... (Designation) and Shri/Smt(Designation) will sign all the necessary document related to the opening of Savings Accountas representatives on behalf of(name of SHG). Transaction in the Savings a/c of the group will be done by joint signature of any two among the above mentioned representatives.
We, all members hereby agree to the above decision.

Sl No	Name of SHG members	Name of Father/Husband	Gender (Male/Female)	Occupation	Signature /Thumb Impression
1					
2					
3					
4					
5					
6					
7					
8					
9					
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11					
12					
13					
14					
16					
17					
18					
19					
20					

Signature/Thumb Impression (Designation)	Signature/Thumb Impression (Designation)	Signature/Thumb Impression (Designation)
Seal of Self Help Group		

**COMMON APPLICATION FOR
SELF HELP GROUP
LOAN APPLICATION FORM**

SELF HELP GROUP LOAN APPLICATION FORM

To:

The Branch Manager

_____ Bank

_____ Branch

Dear Madam/Sir,

SUB:-APPLICATION FOR CREDIT LINKAGE

<div style="border: 1px solid black; width: 80%; margin: auto; padding: 5px;"> Affix passport Size photograph </div>	<div style="border: 1px solid black; width: 80%; margin: auto; padding: 5px;"> Affix passport Size photograph </div>	<div style="border: 1px solid black; width: 80%; margin: auto; padding: 5px;"> Affix passport Size photograph </div>
Name :	Name:	Name:
Designation:	Designation:	Designation:
Address:	Address:	Address:
Mobile:	Mobile:	Mobile:

1. We, the duly authorized representatives of _____ (name of SHG) _____ village/city _____ Block _____ District hereby apply for a loan aggregating Rs. _____/- (Rupees _____ only) by way of Cash Credit(CC) / Term Loan(TL) for on-lending to our members. A copy of resolution taken by our Self Help Group in this regard is attached.
2. A copy of the member-wise requirement of loan is enclosed (Compulsory from 3rd linkage onwards)
3. We agree to repay the loan amount as per the repayment schedule which may be fixed by the Bank.
4. A copy of the Inter-se Agreement executed by all the members of the group authorizing us inter alia to borrow on behalf of the SHG is enclosed.
5. We hereby declare that the particulars given above are true and correct to the best of our knowledge and belief.
6. We hereby authorize the Bank to disclose all or any particulars or details or information relating to our loan accounts with the Bank, to any other financial institution including NABARD, Government or any agency as may be considered necessary or desirable by the Bank. It will be in order for the Bank to disqualify the SHG from receiving any credit facilities from the Bank and or recall the entire loan amount or any part thereof granted on this application, if any of the information pertaining to the group, furnished herewith is found incorrect and/or containing misrepresentation of facts.
7. A copy of the financial status of our SHG as on (date) is attached.

Yours faithfully,

- 1.
- 2.
- 3

[Signature of Authorized Representatives of SHG with Seal]

SPECIMEN OF RESOLUTION BY SHG FOR TAKING LOAN FROM BANK

Name of SHG

Address

Date of Formation

Total no of Members Name of Facilitating Agency

RESOLUTION FOR TAKING LOAN FROM BANK

Today on(Date), at the meeting of(name of SHG) at(meeting place of SHG/ address) in presence of all its members, it is resolved that our(name of SHG) will seek loan of Rs, (in words)..... from bank. It has also been further resolved that Smt.....(Designation); Smt.....(Designation) and Smt(Designation) will sign all the necessary document related to the loan application to bank on behalf of the(name of SHG).

We all members hereby agree to the above decision.

Sl No	Name of SHG members	Name of Father/Husband	Gender (Male/Female)	Signature /Thumb Impression
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
16				
17				
18				
19				
20				

Signature

(Designation)

Seal of Self Help Group

Signature

(Designation)

Signature

(Designation)

DETAILS OF MEMBER WISE LOAN REQUIREMENT (As per Micro Credit Plan) (Compulsory from 3rd credit linkage onwards)

Name of the SHG:-

Date of formation:

No. of Members:

Address

Member-wise details of proposed investment, sources of fund & resultant Net Surplus of the family

S. N.	Name of member*	Purpose of investment	Amount of loan Required from SHG (Rs.)	Total Annual Income from various sources:- IGAs, Wages, Grants from Govt. from etc. (Rs.)	Total Annual Expenditure (Rs.)	Annual net income before repayment of loan installment (Rs.)	Annual repayment for the proposed loan & existing loan, if any (Rs.)	Annual Surplus (Rs.)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
Total								

(*) To be written in order of priority & rotation plan as decided in SHG meeting

SPECIMEN OF INTER-SE AGREEMENT TO BE EXECUTED BY THE MEMBERS OF THE SELF HELP GROUP

THIS AGREEMENT made on this _____ day of _____ 20__ BETWEEN

Sl No	Members Name	Name of Father/Husband	Gender (Male/Female)	Age
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
16				
17				
18				
19				
20				

who are members of the _____ group, hereinafter referred to collectively as "The Self Help Group (SHG) Members" which expression shall, unless repugnant to the context or meaning, include every members of the said SHG and their respective legal heirs, executors and administrators.

WHEREAS all SHG members are residents of _____ Village/ City _____ in _____ Block of _____ District of _____ State and are known to each other.

WHEREAS the SHG members above named have joined voluntarily together and formed the SHG with intent to carry on savings and credit and other economic activities for mutual benefit subject to the terms and conditions hereinafter appearing:

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT :-

- Each member of the SHG shall save a sum of Rs. _____ (Rupees _____ only) or such sum as may be decided by the Group, on (weekly fortnightly/monthly) basis during the scheduled SHG meeting. The accumulated corpus of the SHG shall be given on

loan to members based on their need and recovered along with interest as decided by the SHG members.

2. The SHG will take the responsibility for maintaining appropriate books of accounts to ensure transparency in transaction among SHG members
3. Each member shall strive for the success of the SHG and shall not act in any manner detrimental to the business interests of the SHG.
4. The SHG members shall be jointly and severally liable for all the debts contracted by the SHG.
5. All assets and goods acquired by the SHG shall be in the joint ownership of all the members of the SHG and shall ordinarily be in the constructive custody of such member as may be authorized by the Group and shall be kept at the place of business at _____ which shall not be changed without consent of the SHG members.
6. The SHG members hereby duly elect and appoint
Shri/Smt/Kum. _____ as _____,
Shri/Smt/Kum _____ as _____
Shri/Smt/Kum _____ as _____

to look after and manage the day to day affairs of the SHG's activities and also act in their name and on their behalf in all matters relating thereto. The authorized representatives, may however, be removed at any time by majority vote of the members and new representatives elected.

8. Each of the SHG members hereby agrees to abide by and ratify all such act, deeds and things as the authorized representatives may do in the interest of the said activities.
9. The authorized representatives shall take decisions in the day to day working of the SHG and each representative shall actively involve herself and co-operate in looking after the day-to-day affairs of the SHG activities in particular to attend to the following activities.
 - Every member of the SHG hereby authorizes the representatives to apply for the loan on behalf of the SHG and execute necessary agreements/documents on behalf of the SHG for the purpose. The authorized representative may collect loan amounts from the bank on behalf of SHG, deposit the same in the savings account of the SHG for on-lending to members in accordance with the decision of the SHG and also deposit recovery of loan installment from members in the loan account/s of SHG with the bank.
10. The SHG members hereby specifically authorize the representatives:-
 - i. To open Savings, Fixed Deposits and other accounts inBranch of.....
Bank approved by the SHG and operate the same under the joint signature of any two of the following authorized representatives:
Shri/Smt/Kum _____
Shri/Smt/Kum _____
Shri/Smt/Kum _____
 - ii. To keep or cause to be kept proper books of accounts of the savings, made by the SHG Members, loans granted to them and the recoveries made from them and render every year the full accounts to the SHG members for their approval and adoption;
 - iii. To receive all payments due to the SHG and issue requisite receipts or acknowledgments for and on behalf of the SHG;
 - iv. To institute and defend on behalf of the SHG members any legal proceedings and safeguard the interests of each member of the said SHG and for this purpose engage or disengage any lawyer or advocate or agent and incur the necessary legal expenses in connection therewith.

11. In the event of death of any of the members of the SHG, his/her legal heirs shall be entitled to the benefits and be liable for the obligations of the deceased member under this agreement.

12. It is agreed that no new person shall be inducted as a member of the SHG without consent of all the existing members.

IN WITNESS WHEREOF the aforesaid members of the SHG have set their respective hands hereunto at the place _____ and on _____ day of _____ month _____ year first herein appearing.

S.N.	Name of member of the SHG	Signature/s/Thumb of the impression
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		

WITNESSES:-

1.

2.

(Note: The SHG shall not consist more than 20 persons).

FINANCIAL STATEMENT OF
(NAME OF SHG) AS ON(DATE)

Particulars	Amount (Rs)
Total Savings of members:	
Total interest and other incomes:	
Revolving Fund/ Grant Assistance received from project/ department/ other agencies	
Other Receipts (Specify)	
Total	

(Amount in Words)

We certify that the above statement is true and can be verified from the books of accounts maintained by our Self Help Group.

Signature
(Designation)

Signature
(Designation)

Signature
(Designation)

Seal of Self Help Group

FORMAT 1: SHG GRADING FORMAT FOR FRESH LINKAGE

A. Basic Information:-

Name of SHG

Village: Gram

Panchayat: Block: District:

Date of formation of the SHG: Date of opening of Bank S/B A/C:

Period considered for Grading: From to
(Usually last 6 months)

B. Details of Grading /Evaluation Exercise:

S. N.	Indicator	Allotted Marks	Formula for determining Marks	Marks obtained
1. Regularity of Meeting:				
(a)	Regularity of holding meetings by SHG	10	No. of meetings held X10	
			No. of meetings required to be held as per rule of SHG	
(b)	Regularity of Attendance of members in the meetings	10	Average no. of members attended the meetings X10	
			Total no. of members of the SHG	
2	Regularity of Savings by members	10	Amount of savings deposited by the members X 10	
			Amount of savings required to be deposited as per rule of SHG	
3	*Velocity of Lending to members from Group Corpus	20	More than 1.5 :- 20	
			More than 1.0 up to 1.5:- 15	
			More than 0.5 up to 1.0:- 10	
			More than 0.2 up to 0.5:- 5	
			Up to 0.2:- 0	
4	Regularity in Repayment of loan by members	20	Amount of recovery against Demand X 20	
			Amount of Demand (required to be paid as per repayment schedule)	
5	Updated Record keeping:			
	a) Resolution Book	4	Maintained up to date :- Full marks Maintained , but not up to date:- Half Marks Not maintained:- 0 (no Mark)	
	b) Cash Book	8		
	c) Savings Ledger	4		
	d) Loan Ledger	4		
	e) General Ledger	6		
	f) Individual Pass Book	4		
Total	100			

*Velocity of lending from Group Corpus = $\frac{\text{Amount lent to the members from Group Corpus}}{\text{Average amount of Group Corpus}}$

- **A Grade: 80 or more marks**
- **B Grade: 70-79 marks**
- **C Grade: 60-69 marks**
- **D Grade: less than 60 marks**

Only A & B graded SHGs are to be considered for credit linkage

FORMAT 2: SHG GRADING FORMAT FOR REPEAT LINKAGE

A. Basic Information :-

Name of SHG

Village: Gram Panchayat Block District.....

Date of formation of the SHG: Date of opening of Bank S/B A/C:

Period considered for Grading: From to

(Usually last 6 months)

B. A. Details of Grading /Evaluation Exercise:

S. N.	Indicator	Allotted Marks	Formula for determining Marks	Marks obtained
1.	Regularity of Meeting:			
(a)	Regularity of holding meetings by SHG	5	No. of meetings held X10 No. of meetings required to be held as per rule of SHG	
(b)	Regularity of Attendance of members in the meetings	10	Average no. of members attended the meetings X10 Total no. of members of the SHG	
2	Regularity of Savings by members	10	Amount of savings deposited by the members X 10 Amount of savings required to be deposited as per rule of SHG	
3	*Velocity of Lending to members from Group Corpus	20	More than 1.5 :- 10 More than 1.0 up to 1.5 :- 7 More than 0.5 up to 1.0 :- 5 More than 0.2 up to 0.5 :- 2 Up to 0.2 :- 0	
4	Regularity in Repayment of loan by members	20	Amount of recovery against Demand X 20 Amount of Demand (required to be paid as per repayment schedule)	
5	Updated Record keeping:			
	a) Meeting Resolution Book	4	Maintained up to date :- Full marks Maintained , but not up to date:-Half Marks Not maintained :- 0 (no Mark)	
	b) Cash Book	8		
	c) Savings Ledger	4		
	d) Loan Ledger	4		
	e) General Ledger	6		
	f) Individual Pass Book	4		
6	Operations in Cash Credit/ Term loan A/c and Credit history:			
a)	Number of transactions in last 12 months(Dr. & Cr.)	10	i) 12 or more :- 10 ii) 6 to less than 12 :- 6 iii) Less than 6 :- 0	
b)	Servicing of interest charged in CC A/c	10	i) Within 1 month :- 10 ii) Within 2 month :- 6 iii) After 2 months :- 0	
c)	Occasions of overdrawing in		i) Never :- 5	

CC A/c due to charging of interest etc. during last 12 months	5	ii) On 2 occasions :-	3
		iii) On more than 2 occasions :-	0
Total	100		

*Velocity of lending from Group Corpus = $\frac{\text{Amount lent to the members from Group Corpus}}{\text{Average amount of Group Corpus}}$

- **A Grade: 80 or more marks**
- **B Grade: 70-79 marks**
- **C Grade: 60-69 marks**
- **D Grade: less than 60 marks**

Only A & B graded SHGs are to be considered for credit linkage

SPECIMEN OF ARTICLES OF LOAN AGREEMENT FOR USE BY BANKS WHILE FINANCING SELF-HELP GROUPS

The Articles of Agreement made on this ____ day of _____ 20__ at _____ By and Between M/s _____ [name of the SHG] an unregistered association of persons/individuals having its office at _____ represented by its authorized representative

Shri/Smt. _____ (Name) _____ (Designation);
Shri/Smt. _____ (Name) _____ (Designation); and
Shri/Smt. _____ (Name) _____ (Designation), who are fully authorized by all the members of the SHG, (a copy of such Authorization is annexed hereto and forms part of this agreement), hereinafter referred to as the "Borrower" which expression shall unless repugnant to the subject or context thereof, mean and include members of the unregistered association for the time being, their respective successors, legal heirs, administrators and assigns of the one part and _____ (name of the Bank) a body corporate constituted under the _____ Act, having its Head Office at _____ and the Branches, inter-alia, one at _____ here in after called "the Bank" which expression shall unless repugnant to the subject or context thereof mean and include its successors and assignees of the second part.

Whereas the borrower is an unregistered association of persons who have inter-se agreed to help each other as self-help group with a view to developing and ameliorating the socio-economic conditions of their members.

Whereas having formed the association as a Self Help Group, the Borrower as per application dated _____ made by the said _____ Shri/Smt. _____ (Name) _____ (Designation); Shri/Smt. _____ (Name) _____ (Designation) and Shri/Smt. _____ (Name) _____ (Designation, duly authorized to borrow in terms of its resolution dated _____ [copy enclosed] requested the Bank to *grant a Term Loan/extend Cash Credit facility* of Rs. _____/- up to the limit of Rs. _____/- (Rupees _____ only) for on-lending to its members.

And whereas the Bank has agreed to grant the *Term Loan /extend Cash Credit facility* to the borrower on certain terms and conditions.(* deleted whichever is not applicable)

And whereas the Bank and the borrower are desirous of reducing the agreed terms into writing.

Now, therefore, this agreement witnesses as follows:

1. The Bank has agreed to grant and the borrower has agreed to borrow by way of Term Loan Cash / Credit (clean) up to the limit of Rs. _____/- (Rupees _____-only) and the Bank has

opened (SPECIFY THE KIND OF LOAN ACCOUNT)_____ No. _____ of date _____- in the name of the Borrower in its book of accounts.

2. *In case the facility availed is Cash Credit the Borrowers will operate the Cash Credit account satisfactorily and within the limit and the Borrower shall repay the outstanding liability in the account inclusive of interest and other charges debited from time to time on demand without demur.
3. *In case loan availed is Demand Loan, without prejudice to the right of the Bank to recall the loan on demand the Borrower undertakes to repay the loan with interest and other within the period stipulated in terms of sanction.
4. *In case the credit facility availed of by the borrower is a Term Loan the same shall be repayable in installments in the manner specified herein-below in the repayment schedule. (to be specified) Besides the borrower will pay interest at the rates that may be prescribed for such lending by RBI/NABARD from time to time.
(*Delete whichever is not applicable)
5. It is clearly understood by and between the parties hereto that in the event of the borrower's failure to utilize the proceeds of the credit facility for the purpose for which the same has been made available by the bank to the borrower, the borrower shall repay immediately on demand without demur together with interest without prejudice to Bank's right to initiate other legal action.
6. The borrower shall pay interest on the loans to be calculated on the daily balances in the loan account and be debited thereto at quarterly rests or as the Bank may decide.
7. The borrower should utilize the proceeds of the credit facility for the purpose of lending to its members to improve the socio-economic conditions of their members and their families. That the loan will not be used for any Speculative purpose / activities prohibited by law.
8. The borrower shall repay the credit facility availed of together with interest payable as per the interest rates that may be fixed by RBI/NABARD from time to time for such lending
9. The borrower shall be liable to repay the facility on demand together with the interest and other charges payable by the borrower to the bank in accordance with the rules of the Bank.

REPAYMENT SCHEDULE:

For Cash Credit:

Each withdrawal of principal loan from the C.C. A/C is to be repaid within 12 months of such withdrawal. Interest debited to a/c is to be repaid / deposited into the A/C promptly so that outstanding balance of the CC A/C does not exceed the sanctioned limit under no circumstances.

For Term Loan:

Principal loan is to be repaid inequal monthly / quarterly / half-yearly installments. Interest debited to the A/C is to be repaid / deposited promptly.

In witness where of the parties hereto have affixed their signature on the _____date and the _____ month and _____ year first herein above written.

1) FOR THE BORROWER- SHG

2) FOR THE BANK

- 1.
- 2.
- 3.

[Signature of Authorized representatives
representative (Office bearers) with office seal]

[Signature of Authorized
(Branch Manager) with office seal]

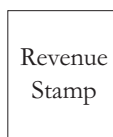
SPECIMEN OF DEMAND PROMISSORY NOTE FOR USE BY BANKS WHILE FINANCING SELF-HELP GROUPS

Place.....

Date:.....

Rs.....

On demand we(name of the SHG) and the members jointly and severally promise to pay..... Bank or order at the sum of Rupees.....with interest thereon at the rate ofpercent per annum (below / above/ at) Base rate / Lending Rate of the Bank which is at present% per annum withrests for value received.



[Signature of Authorized representatives of SHG with office seal]

Name of SHG:

Address of the SHG:

StreetVillage/

City.....Gram

Panchyat.....Block

.....District.....

Pin.....

**SPECIMEN OF APPRAISAL NOTE CUM SANCTION
ORDER OF BANK BRANCH FOR FINANCING
SELF-HELP-GROUP:**

*** Credit Linkage (CC / TL) / *Renewal of CC limit/*Enhancement
of CC limit/*Repeat TL (*Strike out which is not applicable)**

Basic Details of SHG

1. Name of the Bank:.....
2. Name of the Branch:.....
3. Name of the Processing / Inspecting Loan Officer:.....
4. Date of Processing/Inspection:.....
5. Name of the SHG:.....
6. Address of the SHG:.....
7. Date of formation of the SHG:.....
8. No. of members in SHG:.....
9. Facilitating Agency (if any):.....
10. S/B A/C No.....
11. CC A/C No. (in case of already CC-linked SHG):.....

Assessment of SHG

1. Whether the SHG has completed 6 months from the date of formation / 12 months from the date of last sanction: Yes / No (*Strike out which is not applicable)
2. Whether the SHG has been Graded / Evaluated: Yes / No (*Strike out which is not applicable)
3. Whether the SHG has passed the Grading / Evaluation Exercise: Yes / No (*Strike out which is not applicable)
4. % of Marks obtained in the Grading / Evaluation Exercise:.....
5. Financial position of the SHG(as on):

LIABILITIES		ASSETS	
PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Outstanding C/C of Bank		Cash in hand	
Outstanding T/L of Bank		Deposit with Bank	
Outstanding loan of VO/Federation		Deposit with Federation	
Savings of members		Loan outstanding from members	
Other Liabilities (Specify.....)		Other Assets (Specify.....)	
Surplus			
Total		Total	

Existing Corpus of SHG =Rs[Total Assets – Outstanding loans
(if any)]

ASSESSMENT OF ELIGIBILITY CC LIMIT / TL TO BE SANCTIONED TO THE SHG:

No. of dose of credit *	Eligibility	Eligible Amount (As per RBI guidelines)	Amount Proposed to be Sanctioned
Fresh Linkage (1st dose)	a) Existing Corpus = Rs b) Proposed savings for remaining part of the year = Rs..... Total Corpus = Rs[(a)+(b)]	4-8 time of total Corpus or minimum Rs 50,000 whichever is higher	Rs
2nd Dose	a) Existing Corpus = Rs b) Proposed savings for next 12 months = Rs..... Total Corpus = Rs[(a)+(b)]	5-10 time of total Corpus or minimum Rs 100,000 which ever is higher	Rs
3rd Dose	Minimum Rs 200,000 as per Micro Credit Plan		Rs
4th Dose	Rs 500,000- Rs 10,00,000 as per Micro Credit Plan		Rs

(*Strike out which is not applicable)

Terms of Sanction:

Sanctioned a new Cash Credit limit / Renewed / Enhanced the existing Cash Credit limit / Repeat Term Loan for Rs.....Rupees.....only) under the following terms & conditions:-

- (a) Amount of CC limit / TL (New / Renewed/ Enhanced / Repeat) for(period in months):
Rs.....(Rupees only)
- (b) Documents to be obtained:
 - i. Inter-se agreement
 - ii. Articles of loan agreement
 - iii. Demand Promissory Note
- (c) Purpose of the credit facility: On-lending to the members of the SHG
- (d) Rate of interest:% p.a.to be calculated on reducing balance method with monthly rest. The SHG will be eligible to get the benefit of interest subsidy if it fulfil the norms as specified by Government in this regard.
- (e) Service charge: Nil (Loan to SHG is treated as advance to weaker section).
- (f) Repayment:
 - i. **For CC:** Each withdrawal of principal loan from the C.C. A/C is to be repaid within.....(12-24) months of such withdrawal. Interest debited to the A/C is to be repaid / deposited promptly so that outstanding balance of the CC A/C does not exceed the sanctioned limit under no circumstances.

ii. **For TL:** Principal loan is to be repaid inequal monthly / quarterly / half-yearly instalments. Interest debited to the A/C is to be repaid / deposited promptly.

(g) Review / Evaluation of the C/C A/C will be done after 12 months.

.....
Signature of the Processing / Appraising Officer

**Signature of the
Branch Manager**

Date:-

Date:-

(With Office Seal)

We, on behalf ofSHG hereby accept the aforesaid terms & conditions of the above-noted CC facility / Term loan sanctioned to our SHG by the above-mentioned Bank Branch.

- 1.
- 2.
- 3.

[Signature of Authorized representatives of the SHG with office seal]

Date:

Place:



National Rural Livelihoods Mission
Ministry of Rural Development
Government of India