

NATIONAL RURAL LIVELIHOODS MISSION (NRLM)



Panchayati Raj Department  
Government of Orissa



**Banking  
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DAY-NRLM



Deendayal Antyodaya Yojana-  
National Rural Livelihoods Mission

# Deendayal Antyodaya Yojana – National Rural Livelihoods Mission ( DAY-NRLM )

**(RBI Circular: RBI/2020-21/39 FIDD.GSSD.CO.BC.No.06/09.01.01/2020-21 dated September 18, 2020 )**

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# INTRODUCTION

- ❖ The Ministry of Rural Development, Government of India launched a new programme known as NRLM now renamed as Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM), by restructuring and replacing the Swarnjayanti Gram Swarozgar Yojana (SGSY) scheme with effect from April 01, 2013.
- ❖ NRLM renamed as DAY-NRLM w.e.f. March 29, 2016.
- ❖ Reserve Bank of India vide its Master Circular RBI/2020-21/39 FIDD.GSSD.CO.BC.No.06/09.01.01/2020-21 dated September 18, 2020 has updated the same by incorporating the instructions on DAY-NRLM issued upto September 18, 2020.



# OBJECTIVE OF THE SCHEME

- Poverty reduction by building strong institutions of the poor (particularly women) and enabling these institutions to repeatedly access, a range of financial services (particularly bank loans) till they attain sustainable livelihood.
- The blocks and districts in which all the components of DAY-NRLM will be implemented, either through the SRLMs (State Rural Livelihood Mission) or partner institutions or NGOs, will be the intensive blocks and districts, whereas remaining will be non-intensive blocks and districts.



# FEATURES OF WOMEN SHG

- ❖ Affinity based women SHGs under DAY-NRLM consist of 10-20 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.
- ❖ Only for groups to be formed with Persons with disabilities, and other special categories like elders, transgender, DAY-NRLM will have both men and women in the self-help groups.
- ❖ SHG is an informal group. Registration under Societies Act, State Cooperative Act or as a partnership is not mandatory.
- ❖ But federations of SHGs formed at Village level, cluster levels are to be registered under appropriate acts prevailing in their states.



# FINANCIAL ASSISTANCE TO SHG

**Revolving Fund (RF):** It is to strengthen their institutional and financial management capacity and build a good credit history within the group. Revolving Fund is available if :

- (a) SHG is in existence for a minimum period of 3-6 months.
- (b) SHGs did not receive any Revolving Fund earlier.
- (c) SHG follows 'Panchsutra' i.e. (i) Regular meetings; (ii) Regular savings; (iii) Regular inter-loaning; (iv) Timely repayment; and (v) Up-to-date books of accounts.

Revolving Fund is available as corpus with a minimum of Rs. 10,000/- and maximum of Rs. 15,000/- per SHG.

# ROLE OF BANKS

Banks have to open Savings Bank accounts for all women SHGs, SHGs with members of Disability and the Federations of the SHGs. The KYC norms specified by RBI are applicable for identification of the customers.

## Eligibility Criteria:

- i. SHG should be in active existence for minimum 6 months;
- ii. Practicing 'Panchasutras';
- iii. Existing defunct SHGs are eligible if they are revived and continue to be active for a minimum period of 3 months.



# COMMUNITY INVESTMENT SUPPORT FUND (CIF) AND LENDING NORMS

- ❖ 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.
- ❖ **Loan Application:** Indian Bank's Association (IBA) has devised the Common Loan Application Forms for all banks for extending credit facility to SHGs.
- ❖ **Capital Subsidy:** No Capital Subsidy will be sanctioned to any SHG from the date of implementation of DAY-NRLM.



# LOAN AMOUNT

Emphasis is laid on the multiple doses of assistance under DAY-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. Credit facility may be Term Loan or Cash Credit.

The amount of various doses of credit should be as follows:

- **1<sup>st</sup> dose:** 6 times of the existing corpus or minimum of ₹ 1 lakh whichever is higher.
- **2<sup>nd</sup> dose:** 8 times of the existing corpus or minimum of ₹ 2 lakh whichever is higher.
- **3<sup>rd</sup> Dose:** Minimum of ₹ 6 lakhs based on the Micro credit plan prepared by the SHGs and appraised by the Federations /Support agency and the previous credit History.
- **4<sup>th</sup> Dose:** Above ₹ 5 lakhs based on the Micro credit plan prepared by the SHGs and appraised by the Federations /Support agency and the previous credit History.





# PURPOSE OF THE LOAN

- The loan amount will be distributed among members based on the Micro Credit Plan prepared by the SHGs. The loans may be used by members for meeting social needs, high cost debt swapping, construction or repair of house, construction of toilets and taking up sustainable livelihoods by the individual members within the SHGs or to finance any viable common activity
- In order to facilitate use of loans for augmenting livelihoods of SHG members, it is advised that at least 50% of loans above ₹ 2 lakh, 75% of loans above ₹ 4 lakh and at least 85% of loans above ₹ 6 lakh be used primarily for income generating productive purposes. Micro Credit Plan (MCP) prepared by SHGs would form the basis for determining the purpose and usage of loans. started by the SHGs.



# INTEREST SUBVENTION

- 1) DAY-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 ₹ 3,00,000 per SHG.
- 2) For a maximum of ₹ 3.00 lakh per SHG in two ways:-
  - a) In 250 identified districts, banks will lend to the women SHGs @7% up to an aggregated loan amount of ₹ 3,00,000/-. The banks would be subverted to the extent of difference between the Weighted Average Interest Charged and 7%, subject to the maximum limit of 5.5%. An additional interest subvention of 3% is also available on prompt repayment by the SHGs, reducing the effective rate of interest to 4%.
  - b) In the remaining districts, the banks may lend at their respective lending rates, applicable to SHGs. In these districts, all women SHGs under DAY— NRLM would be eligible for interest subvention on prompt repayment. The difference between the bank lending rates and 7% for loans up to ₹ 300,000/- subject to a maximum limit of 5.5%, would be subvented directly in the loan accounts of the SHGs by the SRLMs.



# OTHER FEATURES OF DAY-NRLM

- ❖ **Purpose:** Loans may be used for meeting social needs, high cost debt swapping and taking up sustainable livelihoods by the individual members within the SHGs. It can be to finance any viable common activity started by the SHGs.
- ❖ **Type of Loan:** Term loan and/or cash credit. Additional loan can be sanctioned even if the previous loan is outstanding.
- ❖ **Repayment Schedule:**
  - **1<sup>st</sup> dose-** repaid in 24-36 months in monthly / quarterly installments;
  - **2<sup>nd</sup> dose-** repaid in 36-48 months in monthly / quarterly installments;
  - **3<sup>rd</sup> Dose-** repaid in 48-60 months in monthly / quarterly installments;
  - **4<sup>th</sup> dose-** repaid between 60-84 months based on the cash flow in monthly / quarterly installments.

# OTHER FEATURES OF DAY-NRLM

## Security & Margin:

- Loan up to Rs. 10 lakh - NIL;
- No lien should be marked against Savings bank account of SHGs;
- No deposits should be insisted while sanctioning loan.

## Asset Classification:

All facilities sanctioned under DAY- NRLM would be governed by the Asset Classification norms issued by Reserve Bank of India from time to time.

## Dealing with Defaulters:

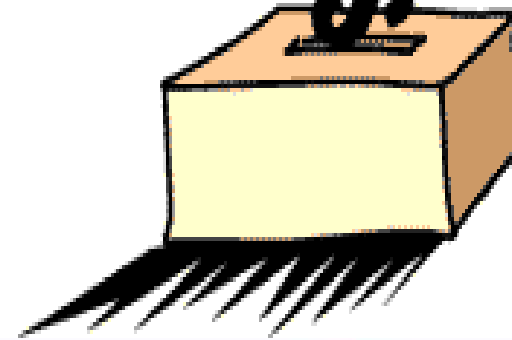
- Non-willful defaulters should not be debarred from receiving the loan;
- Willful defaulters should not be financed (Willful defaulters members of a group can be allowed to benefit from the thrift and credit activities of the group including the corpus built up with the assistance of Revolving Fund).

For details of DAY-NRLM, you may visit on website

<https://nrlm.gov.in>



**Suggestions & Comments?**



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