

NATIONAL RURAL LIVELIHOOD MISSION (NRLM)

Background:

The Ministry of Rural Development, Govt. has launched National Rural Livelihood Mission by restructuring Swarnajayanti Gram Swarozgar Yojana (SGSY) effective from 1.4.2013

Objective: Flagship of program is 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 livelihood services.

Eligibility:

- a) Group with active existence for 06 months as per the books not from the date of opening SIB account
- b) SHGs following panch-sutras
- c) Grading Norms as fixed by NABARD by scoring (details of scoring available in chapter 15)
- d) Disintegrated SHGs revived and continue to be active for a period of 3 months

Loan amount:

Cash Credit Limit (CCL): In case of CCL, banks are advised to sanction minimum loan of Rs. 5 lakhs to each eligible SHGs for a period of 5 years with a yearly drawing power (DP). The drawing power may be enhanced annually based on the repayment performance of the SHG. The drawing power may be calculated as follows:

- DP for First Year: 6 times of the existing corpus or minimum of Rs. 1 lakh whichever is higher.
- DP for Second Year: 8 times of the corpus at the time review/ enhancement or minimum of Rs.2 lakh, whichever is higher.
- DP for Third Year: Minimum of Rs. 3 lakhs based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit History.
- DP for Fourth Year onwards: Minimum of Rs.5 lakhs based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit History.

Term Loan: In case of Term Loan, banks are advised to sanction loan amount in doses as mentioned below:

- First Dose: 6 times of the existing corpus or minimum of Rs. 1 lakh whichever is higher.
- Second Dose: 8 times of the existing corpus or minimum of Rs.2 lakh, whichever is higher.
- Third Dose: Minimum of Rs. 3 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: Minimum of Rs. 5 lakhs based on the Micro credit plan prepared by the SHGs and appraised by the Federations /Support agency and the previous credit History

Interest subvention:

- a. Banks will lend to all the women SHGs@7% up to an aggregated loan amount of Rs.3, 00, 000/- in 250 identified districts.
- b. The SHG will also get additional interest subvention of 3% on prompt payment, reducing the effective rate of interest to 4%.

In the remaining districts also, all women SHGs under DAY-NRLM are eligible for interest subvention to the extent of difference between the lending rates and 7% for the loan upto Rs. 300000 subjected to the norms prescribed by the respective SRLMs. This part of the scheme will be operationalized by SRLMs.