

राष्ट्रीय कृषि और ग्रामीण विकास बैंक

सूक्ष्म ऋण नवप्रवर्तन विभाग

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National Bank for Agriculture
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Micro Credit Innovations Department

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Ref.No. NB. MCID /H-1006 / Promotional Grant Dormant SHG(Policy) / 2013-14

Circular No. 251 / mCID- 16 / 2013

29 November 2013

The Chairman/ Managing Director/
Chief Executive Officer
All Scheduled Commercial Banks /
Regional Rural Banks / State Cooperative
Banks

अध्यक्ष / प्रबंध निदेशक /
मुख्य कार्यपालक अधिकारी
सभी अनुसूचित वाणिज्य बैंक / क्षेत्रीय ग्रामीण बैंक /
राज्य सहकारी बैंक

Dear Sir,

प्रिय महोदय,

Incentive Scheme for Tracking and Revival of Dormant SHGs

निष्क्रिय स्वयं सहायता समूहों का पता लगाना और पुनरुद्धार के लिए प्रोत्साहन योजना

As you are aware, NABARD has been encouraging various partner agencies/ NGOs (SHPIs-Self Help Promotional Institutions) with promotional grant support to promote, nurture and credit link SHGs with banks. Of late, we have been receiving suggestions from stakeholders, for extending NABARD support for tracking and revival of dormant SHGs. Accordingly, it has been decided to introduce an incentive scheme for tracking and revival of dormant SHGs on a selective basis.

आपको विदित ही होगा कि नाबाई विभिन्न भागीदार अभिकरणों / गैर सरकारी संगठनों (एसएचपीआई-स्वयं सहायता संवर्धक संस्था) को स्वयं सहायता समूहों को संवर्धित करने, पोषित करने और बैंक ऋण से जोड़ने के लिए संवर्धनात्मक अनुदान सहायता देकर प्रोत्साहित कर रहा है. हाल ही में, हितधारकों से सुझाव मिल रहे हैं कि निष्क्रिय स्वयं सहायता समूहों का पता लगाने और उनके पुनरुद्धार के लिए नाबाई द्वारा सहायता प्रदान की जाए. तदनुसार, यह निर्णय लिया गया है कि चयनात्मक आधार पर निष्क्रिय स्वयं सहायता समूहों का पता लगाने और उनका पुनरुद्धार करने के लिए प्रोत्साहन योजना आरंभ की जाए.

2. It has been observed that continuous hand-holding of SHGs is essential to improve their quality, which could result in higher loans, better repayments and improved margins for the banks. Therefore, banks may identify dormant SHGs in its books and engage the services of either the SHPI which has promoted the SHGs or other quality NGOs that could

2. यह पाया गया है कि स्वयं सहायता समूहों की गुणवत्ता में सुधार के लिए लगातार सहायता प्रदान करना अति आवश्यक है, जिसके परिणामस्वरूप बैंकों के पास अधिक ऋण होंगे, उनकी चुकौती बेहतर होगी और उनकी मार्जिन में सुधार आएगा. अतः बैंक अपने लेखा बहियों से निष्क्रिय स्वयं सहायता समूहों

serve as Business Facilitators, leaders of well functioning SHGs, or bank's Business Correspondent with adequate knowledge of the subject for revival of dormant SHGs.

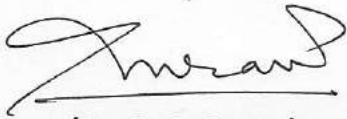
3. NABARD would provide promotional grant assistance upto Rs.3000/- per SHG revived as incentive to banks. Banks may engage the services of above mentioned agencies / SHG members in the local region for implementation of the revival plan and share the incentive available from NABARD on mutually agreed terms.

4. The incentive scheme would be operational for a limited period only.

5. The details of the incentive scheme (Annexure I and II), along with application formats and claim forms (Annexure III and IV) are enclosed.

6. Please acknowledge receipt of this circular.

Yours faithfully



(Dr. B. S. Suran)
Chief General Manager

Encls.: As above.

का पता लगाएं और निष्क्रिय स्वयं सहायता समूहों के पुनरुद्धार के लिए ऐसे एसएचपीआई की सेवाएं लें जिन्होंने स्वयं सहायता समूहों को संवर्धित किया हो अथवा ऐसे गुणवत्तापरक गैर सरकारी संगठनों की सेवाएं ले जो बिजिनेस फेसिलिटेटर के रूप में कार्य कर सके, जो स्वयं सहायता समूहों के कार्य कलापों के लीडर हो अथवा इस विषय में पर्याप्त ज्ञान रखने वाले बैंक के बिजिनेस कारेस्पॉण्डेंट की सेवाएं लें.

3. बैंकों को प्रोत्साहन के रूप में नाबार्ड प्रोत्साहन अनुदार सहायता रु.3000/- तक प्रति स्वयं सहायता समूह उपलब्ध कराएगा. पुनरुद्धार योजना की कार्यान्वयन के लिए बैंक स्थानीय क्षेत्र के उपर्युक्त विहित एजेन्सियों / स्वयं सहायता समूह सदस्यों की सेवाएं ले सकते हैं और नाबार्ड से उपलब्ध प्रोत्साहन राशि को आपसी सहमति की शर्तों के अनुसार बांट सकते हैं.

4. प्रोत्साहन योजना सीमित अवधि के लिए लागू होगी.

5. पात्र प्रोत्साहन के दावों के लिए फॉर्म्स और फार्मेटों (अनुबंध III और IV) के साथ प्रोत्साहन योजना का विवरण (अनुबंध I और II) संलग्न है.

6. कृपया इस परिपत्र की पावती दें.



Copy together with enclosures forwarded for information and necessary action to:

- 1.The Secretary to the Government of India, Ministry of Finance, Department of Financial Services, Jeevan Deep Building, Parliament Street, New Delhi 110 001.
- 2.The Secretary to the Government of India, Ministry of Rural Development, Krishi Bhavan, New Delhi 110 001.
- 3.The Director, National Rural Livelihood Mission (NRLM), Ministry of Rural Development, Government of India 6th Floor, Hotel Samrat, Kautilya Marg, Chanakyapuri, New Delhi - 110021
- 4.The Secretary to the Government of India, Ministry of Agriculture, Krishi Bhavan, Dr. Rajendra Prasad Road, New Delhi 110 001.
- 5.The Chief General Manager, Rural Planning and Credit Department, Central Office, 10th Floor, Central Building, P.B No. 10014, Mumbai - 400 001.
- 6.The Chairman, Indian Banks' Association, Stadium House, 6th Floor, Block 3, Veer Nariman Road, Mumbai - 400 020.
- 7.The Chief General Manager/General Manager/Officer-in-Charge, NABARD, Regional Office.
- 8.The Chief General Manager, NABARD, All Head Office Departments, Mumbai.
- 9.The Principal, College of Agricultural Banking, Pune.
- 10.The Director, Bankers' Institute of Rural Development (Society), Lucknow.
- 11.The Officer-in-Charge, Bankers' Institute of Rural Development, Mangalore/Bolpur.
- 12.The EA to Chairman, NABARD, Head Office, Mumbai
- 13.The EA to Executive Director, NABARD, Head Office, Mumbai.

(Krishna)

Dy. General Manager

Incentive Scheme for tracking and revival of dormant SHGs

1	Why the scheme	The phenomenal growth of SHG – Bank Linkage Programme (SHG-BLP) has brought with it issues like inactive groups and dormancy in SHG functioning. Most of the SHG formation activities have been supported under specific project with defined project periods. Lack of support by promoting agencies / individuals after the project period has often led to dormancy and inactiveness in these SHGs supported. While, there are no explicit data to indicate how many SHGs are dormant, sample studies have mapped the extent of dormancy in certain cases. Further, various stakeholders have also voiced the need to chalk out a suitable approach to address the issue of revival of these dormant SHGs.
2	Indicators of SHG level dormancy	The factors suggestive of inactiveness are; irregular conduct of SHG level meetings, low attendance in meetings, irregular savings by members, non-operation of savings account with the bank, arrears in writing of the books of accounts, client drop outs, defaults by members in repayment of loans availed from groups' corpus/bank loans availed through the group etc.
3	Reasons for SHG level dormancy	<p>Dormancy in SHG could be due to lack of affinity/homogeneity of members forming the SHG, domination of the group by a few members leading to other members becoming inactive or disinclined, non-rotation of leadership, conflict among members, lack of managerial capacity of members, non-receipt of loan requested by members, non-availability of bank linkages and consequent lack of motivation to continue.</p> <p>The real reason for these could be due to inadequate nurturing, hand holding by the SHG promoting institution (SHPI), SHPI withdrawing from the area without alternate arrangement, closure of SHPI project before groups' sustainability, members dropping out of the group due to migration, marriage, ill health, death etc.</p>



4	Approach	<p>Approach to revival of dormant SHGs would be a bank-led initiative so as to ensure continuance of banking support to dormant SHGs, after the revival.</p> <p>For the purposes of revival, dormant groups could be categorised into three types;</p> <p>(1) SHGs which are dormant for over six months before credit linkage with the banks</p> <p>(2) SHGs which are dormant for one year or more after fully clearing outstanding bank loan (non renewal of bank loan due to dormancy of SHG for one year or more)</p> <p>(3) SHGs which are dormant with outstanding NPA loan (NPA for six months or more).</p> <p>Dormancy could be due to SHGs not following the “Panchasutras” with Irregular meetings or no meetings, low attendance in the meetings, no regular savings by the members, dormancy in bank operations, arrears in writing of the books of accounts, significant defaults by members in repayment of, loans availed from groups’ corpus/bank loans availed through the group, or even embezzlement of loans by group members/ leaders etc. For the purposes of quantification of the foregoing parameters of dormancy, the following is suggested:</p> <p>(a) Irregular meetings – not even once in every month for the last 6 months, (b) No meetings in the last 6 months or more (c) low attendance in the meetings – average attendance of members in group meetings less than 25%, (d) no regular savings – less than 25% of members saving regularly, (e) dormancy in savings bank operations – no operation (credit or debit other than crediting of periodic interest or debiting of service charges) in S/B account of SHG in the last 6 months (f) arrears in writing of the books of accounts – more than 6 months.</p>
5	Some essentials steps in the revival plan of dormant SHGs	<ol style="list-style-type: none"> 1. Bank branches need to first track dormant SHGs in its books (savings / credit linked) and their area of operation. 2. Bank branches need to identify branch wise / village-wise number of dormant SHGs belonging to different categories (indicating the key reason for dormancy) 3. Banks may identify the dormant SHGs in its books and engage the services of either the SHPI which has promoted the SHGs, or other quality NGOs that could serve as a Business facilitator, leaders of well functioning SHGs or its own BC with adequate knowledge of the subject for revival of the dormant SHGs.
6	Revival plan	<p>The revival plan should <i>interalia</i> include identifying the key factors for dormancy, capacity building, convincing and hand holding of SHG members</p>



		<p>of inactive / dormant groups. Depending on the reasons for dormancy, it should facilitate overcome the key constraints which interalia could include, tracking the SHG/ its members, conflict resolution, capacity building through counselling/training, facilitating group dynamics, ensuring bank linkage operations, restoration/renewal of credit facilities after revival, regularising the loan account on clearance of NPA and renewal of credit facilities etc. Only few essentials requirements of the revival plan are illustrated above and this is not a standardised format for revival.</p> <p>As rural banking and financial inclusion is largely guided by the stability of the Intermediary like the SHPI/ BF/BC at a location and its continuous engagement with clients, banks may leverage these partners for revival of SHGs and ensure its client development process.</p>
7	Exclusions (ineligible)	<p>The following types of SHGs which slipped into dormancy owing to not following the basic tenets of SHGs or in geographies where specialised programmes are on-going aiming at universal coverage of SHGs, or SHG formation on a saturation mode may be excluded viz;</p> <ul style="list-style-type: none"> • SHG formed without ensuring affinity amongst its members / SHG formed with members not from the same neighbourhood • Revival of SHGs where more than 50 % of its members are not keen or have joined other SHGs or dropped out • Revival of SHGs in 150 WSHG districts and blocks where NRLM roll out is complete.
8	Eligible institutions for seeking the incentive.	<p>Commercial banks, RRBs, and DCCBs (PACs) would be eligible for NABARD's grant assistance / incentive for revival of dormant groups. Commercial banks may submit proposals to NABARD Regional Office through their controlling offices. RRBs and DCCBs (including PACs) may submit proposals to NABARD Regional Office through their Head Office.</p>
9	NABARD incentive Grant Assistance for revival.	<p>NABARD would provide grant assistance for revival and credit linkage of dormant SHGs at the rate of Rs.3,000/= per SHG revived.</p> <p>Grant assistance would be released on completion of benchmark activity based on the recommendations of Project Implementation & Monitoring Committee (PIMC) [specially constituted for the purpose consisting of the DDM/Representative of Regional office of NABARD, Bank branch representative and LDM wherever needed]. The release pattern for the incentive will be in 2 instalments for different categories as specified in the annexure II. Application format and claim forms are specified in Annexure III and IV.</p> <p>NABARD would support training interventions and incentivisation of the agency / BC/BF/ individual as envisaged under the scheme. NABARD would make payment of incentives to the bank as a back-ended incentive. The banks may utilise the incentive available from NABARD for payment to the agency / individual contracted for the task.</p>
10	Operational period of the scheme	<p>Sanctions/approvals for the proposals received upto 31 March 2014 will be considered on a selective basis.</p>



Annexure II

1. Grant assistance for revival of groups, which are dormant for 06 months or more.

Instalment No	Bench mark activity to be completed.	Amount of grant assistance
1	On credit linking of the groups by the bank, on removing the dormancy (on sanction and disbursement of CC loan / term loan to the group). Minimum loan amount of Rs.50000/- per SHG.	1,500=00
2	-One year after release of 1 st instalment of grant support. -Towards Handholding support, provided the loan account of the group is regular & SHG following 'Panchasutras' (i.e. Regular meetings; Regular savings; Regular inter-lending; Timely repayment; and Up-to date books of accounts)	1,500=00

2. Groups, which are dormant after credit linkage

Grant assistance for revival of groups which are dormant for one year or more after fully clearing outstanding bank loan (non renewal of bank loan due to dormancy of SHG for one year or more)

Instalment No	Bench mark activity to be completed	Amount of grant assistance
1	-Sanction and release of new loan to the group on removing the dormancy by the bank -(on sanction and disbursement of CC loan / term loan). Minimum loan amount of Rs.50000/- per SHG	1,500=00
2	-One year after release of 1 st instalment of grant support. -Towards Handholding support, provided the group loan account is regular and following 'Panchasutras'.	1,500=00

3. Grant assistance for revival of SHGs which are dormant with outstanding NPA loan (NPA for 6 months or more).

Instalment No	Bench mark activity to be completed	Amount of grant assistance
1	-Closure of existing NPA loan account by the group on full repayment & continue to be active for a minimum period of 3 months. -Sanction and disbursement of new loan by the bank to the group (on disbursement of CC loan / term loan) on removing the dormancy. Minimum loan amount of Rs.50000/- per SHG	1,500=00
2	-One year after release of 1 st instalment of grant support. -towards Handholding support, provided the loan account is regular and following 'Panchasutras'.	1,500=00



Annexure III

FORMAT OF APPLICATION (TO BE SUBMITTED BY THE BANK BRANCHES)

1. CBs-THROUGH THEIR CONTROLLING OFFICE,
2. RRBs/DCCBs THROUGH THEIR HO.

I. Particulars of the bank and the branch

S No	Particulars.	
1	Name of the bank	
2	Address of the Controlling office in case of CBs /HO in case of RRB/DCCBs	
3	Name of the branch	
4	Phone number of the branch land line : Mobile No.	
5	E mail address of the branch	

II. Number of SHGs savings linked and Credit linked by the branch.

S no	No of SHGs with branch as at the end of the preceding quarter (as on.31st March, 30th June, 30th Sep, 31 December.....).	
	No.	No.
1	SB linked	
	Savings amt.(Rs lakh)	Loan outstanding amt.(Rs lakh)



III. Particulars of dormant SHGs proposed to be revived.

(1) Category 1. Furnish number of Dormant SHGs proposed to be revived which are dormant for six months or more before credit linkage with the banks :

S no	Symptoms of dormancy	No of dormant groups	Reasons for dormancy
1	<ul style="list-style-type: none"> • Irregular meetings or no meetings/low attendance in the meetings • Arrears in writing books of accounts/unsatisfactory maintenance of books of accounts • Members dropped out from the group due to migration, ill-health, marriage, death etc., 		
2	Embezzlement of SHG corpus by one or more members.		
3	Significant Defaults in repayment of internal loans by members		
4	Others (Please specify the symptom)		

Time line for revival of Category 1 dormant SHGs.

Particulars/Years	Year I	Year II
No of SHGs proposed to be revived and credit linked.		



Category 2. Furnish number of Dormant SHGs (Credit linked but no outstanding loan) proposed to be revived :

(1) SHGs which are dormant for one year or more after fully clearing outstanding bank loan (non renewal of bank loan due to dormancy of SHG for one year or more)

S no	Symptoms of dormancy	No of dormant groups	Reasons for dormancy
1	<ul style="list-style-type: none"> • Irregular meetings or no meetings/low attendance in the meetings • Arrears in writing books of accounts/unsatisfactory maintenance of books of accounts. • Members dropped out from the group due to migration, ill-health, marriage, death etc., 		
2	Embezzlement of SHG corpus by one or more members.		
3	Significant Defaults in repayment of internal loans by members		
4	Others (Please specify the symptom)		

Time line for revival of Category 2 dormant SHGs.

Particulars/Years	Year I	Year II
	No of SHGs proposed to revived and credit linked.	



Category 3. Furnish number of SHGs which are dormant with outstanding NPA loan (NPA for 6 months or more) proposed to be revived :

S no	Main reasons for dormancy	No of groups
1	Embezzlement of SHG corpus /bank loan availed by the SHG by one or more members.	
2	Significant Defaults in repayment of bank loans availed by members through the SHG	
3	Others (Please specify the symptom)	

Time line for revival of Category 3 dormant SHGs.

Particulars/Years	Year I	Year II
No of SHGs proposed to revived and credit linked.		

Briefly furnish how the dormancy would be tackled. (The plan should indicate whether field staff of the bank branch would directly revive the dormant SHGs, or would involve facilitators like NGOs/BCs/BFs).

1. Bank Branch staff/field staff would directly visit villages and address dormancy. Yes/NO.
2. Bank branch would involve facilitation by others to address the dormancy in SHGs
 1. Opinion leaders/leaders from well functioning SHGs/NGOs
 2. BCs/BFs
 3. Others (Specify)



Annexure IV

Details of Claims / Quarterly Statements as at the end of the quarter(to be submitted by the bank branch).

1. Name of the bank and the branch
2. Ref. No. and date of sanction letter by NABARD
3. Amount sanctioned by NABARD
4. Amount already claimed and released by NABARD :

5. Details of present claim

A. Village wise Quarterly claims (for 1st instalment of grant assistance) on revival of Category 1 dormant SHGs : Revival through credit linkage for the first time:

Name of the village	Name of the SHG revived	Date opening A/c	Type of SB dormancy	Dt of credit linkage	Loan account type	Credit limit sanctioned.	Amount of credit disbursed	Amount of Repayment period
1								
2								
3								
4								
5								



II. Village wise Quarterly claims (for 1st instalment of grant assistance) on revival of Category 2 dormant SHGs : Revival through renewal of credit facilities

Names of the SHG revived	Date of opening SB A/c	Date/month closure of facilities by group.	Date of dormancy of pr. credit by the renewal of loan by bank)	Type of dormancy (Reasons for non renewal of loan by bank)	Dt of renewal of loan	Loan account type	Limit sanctioned	Amount of credit disbursed.	Repayment period
1									
2									
3									

III. Village wise Quarterly claims (for 1st instalment of grant assistance) on revival of Category 3 dormant SHGs : through renewal of credit facilities on closure of existing NPA loan account.

Name of the village	Particulars of NPA loan account		Particulars of new loan account.	
	Date of opening SB A/c	Date/month on which existing loan a/c was NPA.	Date of closure of NPA loan a/c	Amount of loan disbursed.
1				
2				

Total no. of SHGs revived during the quarter _____
 Total amount of incentive claimed from NABARD _____



Signature of the Branch Manager/Controlling office