

राष्ट्रीय कृषि और ग्रामीण विकास बैंक
सुक्ष्म ऋण नवप्रवर्तन विभाग
प्रधान कार्यालय, प्लॉट सं. 24, जी ब्लॉक,
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micro Credit Innovations Department

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Ref.No. NB. MCID / 847 / Promotional Grant Dormant SHG(Policy) / 2014-15
Circular No. 244/ mCID- 20/ 2014

04 December 2014

The Chairman/ Managing Director/
Chief Executive Officer

All Scheduled Commercial Banks / Regional Rural Banks / State Cooperative Banks

Dear Sir

Incentive Scheme for Tracking and Revival of Dormant SHGs

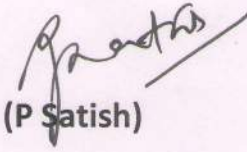
Please refer to our circular Ref. No. NB. MCID / H-1006/ Promotional Grant Dormant SHG(Policy) / 2013-14 dated 29 November 2013 (Circular no. 251/MCID-16/2013) detailing the scheme of providing grant assistance to banks which take up the work of tracking and revival of dormant SHGs, which is operative upto 31 March 2014.

2. On a review of the scheme, it has been decided to extend the operative period of the scheme up to 31 March 2016 subject to following revisions.
 - i. Revival of dormant SHGs which are having outstanding loan account with the banks which is NPA for 6 months or more only is covered under the grant assistance scheme.
 - ii. SHGs which are yet to be credit linked but becoming dormant before/after opening of Savings account is not covered under the grant assistance scheme.
 - iii. Similarly, SHGs which are unable to avail repeat/renewal of loan, due to the reasons of dormancy, after clearing the outstanding bank loans is also not covered under the scheme.
 - iv. The revised scheme of grant assistance would help the banks in reducing NPAs in SHG loan portfolio.
 - v. Revival of dormancy in an SHG [of the type (i) detailed above] for which SHPI grant assistance has been availed by the bank previously, would be

considered subject to a lapse of minimum period of 03 years from the closure of the SHPI project. Needless to add, that SHPI project should have been implemented satisfactorily. Similar condition is applicable in case of receipt of SHPI grant assistance from any other agency also. Banks seeking grant assistance for revival of dormant SHGs have to submit declaration regarding receipt of SHPI grant assistance from NABARD/any other agency for the SHGs proposed to be revived, date of closure of SHPI project and other relevant details.

3. There is no other change in the terms and conditions of the scheme as contained in Circular No.251/mCID dated 29 November 2013.
4. The details of the revised incentive scheme along with application forms (annexure I to IV) enclosed.
5. Please acknowledge receipt of this circular.

Yours faithfully



(P Satish)

Chief General Manager

Encl : As above.

Annexure I

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 purpose of coverage under the incentive scheme, revival of groups which are dormant with outstanding NPA loan of 06 months or more with the banks only are considered.</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	<p>Some essentials steps in the revival plan of dormant SHGs</p>	<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 (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. 4. Besides revival of dormant SHGs in its own books, banks can also plan for revival of dormant SHGs in books of other banks. In which case, bank would facilitate repayment of outstanding NPA loan account, by the group with the earlier bank, revive the group, sanction and disburse fresh loan from the bank itself.
6	<p>Revival Plan (list of activities to be done by bank/BC/BF/ NGO engaged by the Bank)</p>	<p>The revival plan should <i>interalia</i> include among other things following activity.</p> <ol style="list-style-type: none"> i. identifying the key factors for dormancy, ii. capacity building, convincing and hand holding of SHG members of inactive / dormant groups. iii. 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. iv. regularising the loan account on clearance of NPA and renewal of credit facilities etc. v. Handholding the SHG and ensure that it follows “Punchsutras” for a minimum period of one year after release of new loan by the bank/release of 1st instalment of incentive. <p>Only few essentials requirements of the revival plan are illustrated above and this is not a standardised format for revival.</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"> a) SHG formed without ensuring affinity amongst its members / SHG formed with members not from the same neighbourhood b) Revival of SHGs where more than 50 % of its members are not keen or have joined other SHGs or dropped out c) Revival of SHGs in 150 WSHG districts and blocks where NRLM roll out is complete. d) Districts where other agencies have taken up revival of dormant SHGs.
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>However, the bank should not have received grant assistance from NABARD or any other agency for promotion of SHGs identified as dormant & considered for revival under the project in the last 3 years. The period of 3 years would be reckoned from the date of closure of the previous project. The bank has to submit a declaration in this regard.</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 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 2016 will be considered on a selective basis.</p>

Annexure II

Grant assistance for revival of SHGs which are dormant with outstanding NPA loan account of 6 months or more with the bank

Instalment No	Bench mark activity to be completed	Amount of grant assistance
1	<ul style="list-style-type: none"> - 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 	1500=00
2	<ul style="list-style-type: none"> - One year after release of 1st instalment of grant support. - towards Handholding support, provided the loan account is regular and SHG 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.

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		

Village wise 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 Sept., 31 December.....).		Credit linked.	
	No.	Savings amt.(Rs lakh)	No.	Loan outstanding amt.(Rs lakh)
1				
2				

Particulars of dormant SHGs proposed to be revived.

Furnish number of SHGs which are dormant with outstanding NPA loan (NPA for 06 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 dormant SHGs.

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

Briefly furnish how the dormancy would be tackled. (The plan should indicate whether bank would directly revive the dormant SHGs, or would involve facilitators.

1. Bank 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
2. BF's/BCs/BCAs
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
3. Amount sanctioned
4. Amount already claimed
5. Details of present claim

Village wise Quarterly claims (for 1st instalment of grant assistance) on revival of 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.			
Names of the SHG revived	SB A/C No.	Date of opening SB A/c	Date/month on which existing loan a/c was NPA.	Amount of NPA loan closure of NPA a/c	Dt of renewal of loan account type	Amount of loan disbursed.	Repayment period
1							
2							

Signature of the Branch Manager

11nd instalment would be released based on the certification of the bank regarding regularity of loan account disbursed to SHG and observance of 'Panchasutras' (i.e. Regular meetings; Regular savings; Regular inter-loanings; Timely repayment; and Up-to-date books of accounts) by SHG.

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संदर्भ सं.राबैं.एमसीआईडी/ **१६-८५७** / प्रमोशनल ग्रांट डोरमेन्ट एसएचजी(पॉलिसी)/2014-15

परिपत्र सं. /एमसीआईडी- /2014

04 दिसम्बर 2014

अध्यक्ष/ प्रबंध निदेशक/

मुख्य कार्यकारी अधिकारी

सभी अनुसूचित वाणिज्य बैंक / क्षेत्रीय ग्रामीण बैंक / राज्य सहकारी बैंक

प्रिय महोदय

निष्क्रिय स्वयं सहायता समूहों के ट्रैकिंग और पुनरुत्थान हेतु प्रोत्साहन योजना

कृपया उपर्युक्त विषय पर दिनांक 29 नवम्बर 2013 के हमारे परिपत्र सं.राबैं.एमसीआईडी/एच-1006/ प्रमोशनल ग्रांट डोरमेन्ट एसएचजी (पॉलिसी)/2013-14 (परिपत्र सं.251/एमसीआईडी-16/2013) का संदर्भ ग्रहण करें जिसमें उन बैंकों को अनुदान सहायता देने का विवरण दिया गया था जो निष्क्रिय स्वयं सहायता समूहों की ट्रैकिंग और पुनरुत्थान का कार्य करते हैं।

2. इस योजना के समीक्षा के उपरांत, यह निर्णय लिया गया है कि इस योजना की परिचालन अवधि को निम्नलिखित संशोधनों के अधीन 31 मार्च 2016 तक बढ़ाया जाए।

i. जिन समूहों के बैंकों में बकाया ऋण खाते हैं और जो छह माह अथवा उससे अधिक अवधि में अनर्जक खाते बन चुके हैं, उन्हें निष्क्रिय स्वयं सहायता समूहों के पुनरुत्थान के लिए अनुदान सहायता योजना के अंतर्गत शामिल किया जाएगा।

ii. ऐसे समूह जिन्हें ऋण से संबद्ध नहीं किया गया है लेकिन जो बचत खाता खोलने के बाद निष्क्रिय हो गए हैं, उन्हें अनुदान सहायता योजना के अंतर्गत शामिल नहीं किया जाएगा।

iii. इसी प्रकार, स्वयं सहायता समूह जो निष्क्रियता की वजह से दोबारा ऋण प्राप्त करने / ऋण के नवीकरण करने में समर्थ नहीं है, उन्हें बैंक ऋण की बकाया राशि की चुकौती करने के बाद भी अनुदान सहायता योजना के अंतर्गत शामिल नहीं किया जाएगा।

iv. संशोधित अनुदान सहायता योजना का उद्देश्य बैंकों को उनके स्वयं सहायता समूह ऋण पोर्टफोलियो की अनर्जक आस्तियों में कमी लाने हेतु सहायता करना है.

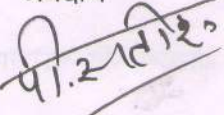
v. पूर्व में बैंकों द्वारा एसएचपीआई अनुदान सहायता का उपयोग करने के बाद निष्क्रिय स्वयं सहायता समूहों के पुनरुत्थान (उक्तानुसार वर्णित (i) के अनुसार) पर विचार किया जाएगा बशर्ते एसएचपीआई परियोजना बंद होने के बाद कम से कम तीन वर्षों का समय बीत चुका हो. यह कहने की आवश्यकता नहीं है कि एसएचपीआई परियोजना को संतोषपूर्ण रूप से कार्यान्वित किया गया हो. किसी अन्य एजेन्सी से एसएचपीआई अनुदान सहायता प्राप्त करने के मामलों में भी यही शर्त लागू होगी. निष्क्रिय स्वयं सहायता समूहों के पुनरुत्थान हेतु अनुदान सहायता की मांग करने वाले बैंकों को प्रस्तावित स्वयं सहायता समूहों के पुनरुत्थान हेतु नाबार्ड/ किसी अन्य एजेन्सी से प्राप्त एसएचपीआई अनुदान सहायता, एसएचपीआई परियोजना बंद होने की तारीख और अन्य संबंधित विवरण के बारे में घोषणा करनी होगी.

3. दिनांक 29 नवम्बर 2013 के परिपत्र सं.251 /एमसीआईडी में निहित इस योजना की शर्तों में कोई अन्य परिवर्तन नहीं किया गया है.

4. संशोधित प्रोत्साहन योजना का विवरण आवेदन पत्र सहित (अनुबंध I से IV) संलग्न है.

5. कृपया इस परिपत्र की प्राप्ति से अवगत करायें.

भवदीय



(पी.सतीश)

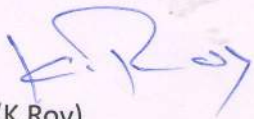
मुख्य महाप्रबंधक

संलग्नक : यथोक्त.

Endt.no. NB.MCID/ / Promotional Grant Dormant SHG (Policy) / 2014-15 of date

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



(K Roy)

Asst. General Manager