

Circular Guidelines issued on Svayam Siddha Initiative

SI no 532/2023. Circular No NBG-AB-IC&GL/Investment Credit/19/2023-24 dated 15.9.23

All Offices / Branches

Madam / Dear Sir,

ABU & GSS DEPARTMENT
“SVAYAM SIDDHA” INITIATIVE
FINANCING WOMAN ENTREPRENEURS WITH EASE
INDIVIDUAL MEMBERS OF SHGs (DAY-NRLM)

The DAY-NRLM is the flagship program of Government 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. Aligning to the RBI's Master Circular RBI/2023-24/20 FIDD.GSSD.CO.BC. No.07/09.01.003/2023-24 dated 26.04.2023, Master Circular vide e-Circular NBG/SHG/3/ 2023-24 dated 19.06.2023 detailing guidelines to finance SHGs under DAY-NRLM was issued. DAY-NRLM supports members of SHG in taking up sustainable livelihood activities and become micro entrepreneurs. The Master Circular includes guidelines on credit facilities to individual members of SHG to facilitate them to graduate to micro entrepreneurs (para 7.3.4) and banks have been advised to share data on such financing. Though the guidelines were issued for financing loans up to Rs.10 lakhs to individual members of select, matured, well performing SHGs, we hardly made any progress due to various challenges at the operational level.

2. With a thrust on deepening credit to the entrepreneurial individual members of the SHGs, we interacted with NRLM and several pain points were identified which were creating bottlenecks in financing individual members of SHGs. The following pain points were identified:

- The nascent women micro entrepreneurs in Rural and Semi Urban areas find it difficult to prepare the required documents for submitting to the Bank for availing loan such as
 - Draft Project Report (DPR)
 - Projected Balance Sheet,
 - Fund flow/Cashflow Statements
- Due to lack of awareness, skill to prepare them, they either avoid approaching the Bank or get DPR, Projected Balance Sheet prepared through a third-party Intermediary which entails a cost, delay, inaccuracies and create dependence on others. It ultimately increases the Project Cost, and the increased cost is not accounted anywhere.

- As most of the micro entrepreneurs are working in semiformal and informal businesses/enterprises,
 - getting a quotation in advance for every purchase is challenging.
 - several members may not have the PAN Card.

3. In order to deepen the rural credit, we revisited the processes. To support the members of SHGs appropriate Project Reports were developed for various common activities so that they can avail the loans from the Bank without hassle and dependence on third parties for getting their Project Report prepared. A list of 30 major activities which are generally carried out by women entrepreneurs under DAY – NRLM are provided to the Bank for this purpose and is placed as Annexure I. SBIRB has prepared Model Detailed Project Reports for these activities and is placed as Annexure II.

4. “Svayam Siddha” Initiative: *Svayam Siddha is an initiative for financing nascent women micro entrepreneurs in Rural and Semi Urban areas with ease and addressing their pain points.* There is a separate Scheme Code (9246) for financing under Svayam Siddha Initiative. **The existing guidelines applicable to financing the activities given in Annexure I, shall be followed subject to the relaxations in certain terms such as obtention of Quotation /DPR / Balance Sheets/ Projected financials, etc., but with certain eligibility, identification, and other conditions as to the ceilings on loan amount, and restricted to only 30 defined activities as identified by NRLM etc., mentioned below in Section 5 and 6 while financing under Svayam Siddha Initiative to individual members of SHGs. No other deviations, except as mentioned in in sections 5 and 6 as under are permitted in the existing guidelines.**

It is mandatory to use Scheme Code “9246” for the loans given under Swayam Siddha initiative as it is an identifier to generate MIS and report the data to NRLM, MoRD. This is also necessary for ensuring compliance of relaxations provided under this Initiative.

5. As per RBI guidelines on financing individual members of SHGs in NRLM Master Circular, to facilitate financing women SHG members to graduate to entrepreneurs and consider financing individual members of select matured well performing SHGs, the competent authority approved the following relaxations/stipulations/guidelines:

- i. Minimum Project Cost Rs.1.00 lakh, Loan Minimum Rs.80000/- and Maximum Loan Amount is Rs.5.00 Lakhs
- ii. Based on the Activity, finance shall be made as per existing guidelines relevant to that activity
- iii. The most common activities identified by DAY-NRLM and Model DPRs are prepared by SBIRB are available as Annexures to the Circular

- iv. **No prior Quotation shall be sought.** Request letter from Borrower shall be obtained with an undertaking that the loan is applied for procurement of machinery/equipment/ raw material/stock etc. for starting/running the enterprise /activity.
- v. **Ensure end use of the fund.** To ensure the end use of funds, disbursement shall be made directly to the supplier of Machinery/Equipment/ Raw Material etc., **followed by submission of the original Tax Invoice/Bills.**
- vi. **Post sanction visit by branch officials within a month to the Unit. Verify the end use of funds and document the same.**
- vii. Aadhar Card shall be mandatory and PAN card shall not be insisted. A bilingual standard undertaking (FORM 60) shall be obtained in the Regional Language / English.

6. Other Conditions:

- a) **The Scheme Code 9246 shall be used to finance only individual women members of SHGs in RUSU area.**
- b) To start with, only one women member from matured well performing SHGs (SHGs which are more than 2 years old and have accessed at least one dose of Bank loan with timely repayment) shall be financed.
- c) The minimum Project Cost shall be Rs. 1.00 Lakh as these borrowers are already having experience of running a viable economic enterprise and are the members of matured well performing SHGs.
- d) The beneficiary shall be identified by NRLM/SRLM officials and advised to the Bank.
- e) The process defined for handling applications under this Initiative:
 - i. All loan proposals shall be handled in existing the existing source systems (AGRI LOS/LLMS)***
 - ii. All loans under Svayam Siddha Initiative shall be processed with the specific Scheme Code “9246-Svayam Siddha Initiative”. Svayam Siddha Scheme Code -9246 shall be used. for facilitating reporting to NRLM. MoRD in compliance with RBI Guidelines.***

Documents to be obtained: All the relevant documents stipulated for financing the activities mentioned in Annexure I under which the loan is being sanctioned shall be obtained. In addition, the SHG details to which the applicant belongs shall be documented in the application and appraisal.

7. Marketing Strategies:

- We have more than 10 lakhs SHGs financed under DAY-NRLM and the potential is huge. These women entrepreneurs are already members of SHGs and are well versed with availing bank loans, repaying them and have satisfactory credit history.
- Scope for meeting Priority Sector Lending targets
- Liaison with SRLM officials by LHOs, district level functionaries by RBOs/RACCs for receiving leads
- Interaction with Bank Sakhis for identifying SHG members with existing activities/enterprises
- Regular conduct of meetings under Community Based Recovery Mechanism (CBRM) by branches not only for recovery of stressed SHG accounts but also for ensuring connect with District level to VO level community leaders and SRLM officials

8. Monitoring Mechanism

A Dashboard shall be created in MIS Online for monitoring the portfolio under Svayam Siddha Initiative with the following parameters:

- Scheme Code shall be 9246
- Finance only to Women in RUSU area
- The product codes with scheme code 9246
- Loan Amount Minimum Rs. 80000 and maximum Rs.5.00 Lakh

Please be guided accordingly.

Yours faithfully,

Chief General Manager (ABU & GSS)

Annexure I: List of 30 activities

LIST OF 30 ACTIVITIES FOR FINANCING UNDER SVAYAM SIDDHA INITIATIVE

Agri and allied Activities
1. Mushroom Cultivation
2. Vegetable/high value crops / organic farming
3. Dairy
4. Poultry
5. Sericulture
6. Pisci culture
7. Floriculture
8. Goat, Sheep & Pig rearing
Services:
9. Beauty Parlour & Saloon
10. Tailoring & Boutique
11. Rural/eco-tourism
12. Restaurants & Catering services
13. Internet Café & photocopy
Trading:
14. Tea/Ice Cream/Milk/cold drinks shop
15. Grocery/stationery stores
16. Cosmetic Stores
17. Fruits/Vegetables shop
Manufacturing:
18. Food Processing (jam, jelly, pickles, dairy products etc.) , papad, & Traditional Snacks
19. Flour Mill/pulses processing/besan/spices.
20. Oil Processing Unit
21. Handloom & Handicraft, weaving and textiles, bags, file covers, baskets etc.
22. Pottery and ceramics
23. Artificial jewelry (metals/bamboo/cane etc.)
24. Bangles/glass/lac items
25. Agarbatti/Candle wax and other wax items
26. Soap making/liquid soap/detergent/washing soap/laundrying soap
27. Metal & Cane Products (Tin boxes, bins, drums)
28. Woolen Items (Hosiery/Embroidery)
29. sanitary towels/ sanitary napkins/ toilet rolls etc.
30. Paper/leaf plates/cups & glasses manufacturing unit

Documents required

- 1.Aadhaar
 - 2.KYC Documents, mobile no
 3. Existing account details
 4. SHG Details
 5. Existing/new activity details
 6. Application for loan (MUDRA Application)
 7. Details of supplier from where machinery/raw material is being purchased
 8. SRLM official's Forwarding letter
- After loan sanction and disbursement, submission of Bill/invoice