



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2018-19/9

FIDD.GSSD.CO.BC.No.05/09.01.01/2018-19

July 03, 2018

The Chairman/ Managing Director & CEO
All Scheduled Commercial Banks and Small Finance Banks

Dear Sir/Madam,

Master Circular – Deendayal Antyodaya Yojana - National Rural Livelihoods

Mission (DAY-NRLM)

Please refer to the [Master Circular FIDD.GSSD.CO.BC.No.04/09.01.01/2017-18 dated July 01, 2017](#) consolidating guidelines / instructions / directions issued to banks with regard to Deendayal Antyodaya Yojana - National Rural Livelihoods Mission. The Master Circular has been suitably updated by incorporating the instructions on DAY-NRLM issued up to June 30, 2018, which are listed in the [Appendix](#) and also been placed on website (<https://www.rbi.org.in>).

A copy of Master Circular is enclosed.

Yours faithfully.

(Sonali Sen Gupta)
Chief General Manager

Encls: As above

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हिंदी आसान है, इसका प्रयोग बढ़ाइए।

“चेतावनी : रिज़र्व बैंक द्वारा मेल-डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्तिगत जानकारी जैसे बैंक के खाते का ब्यौरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।”

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Master Circular

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

1. Background

1.1 The Ministry of Rural Development, Government of India launched a new programme known as National Rural Livelihoods Mission (NRLM) by restructuring and replacing the Swarnjayanti Gram Swarozgar Yojana (SGSY) scheme with effect from April 01, 2013. Detailed 'Guidelines' were circulated to all Scheduled Commercial Banks including Regional Rural Banks vide [RBI circular RPCD.GSSD.CO.No.81/09.01.03/2012-13 dated June 27, 2013](#). NRLM was renamed as Deendayal Antyodaya Yojana – National Livelihoods Mission (DAY-NRLM) with effect from March 29, 2016.

1.2 DAY-NRLM is the flagship program of Govt. 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 livelihood services. DAY-NRLM is designed to be a highly intensive program and focuses on intensive application of human and material resources in order to mobilize the poor into functionally effective community owned institutions, promote their financial inclusion and strengthen their livelihoods. DAY-NRLM complements these institutional platforms of the poor with services that include financial and capital services, production and productivity enhancement services, technology, knowledge, skills and inputs, market linkage, etc. The community institutions also offer a platform for convergence and partnerships with various stakeholders by building environment for the poor to access their rights and entitlements and public service.

1.3 A women's Self-Help Group (SHG), coming together on the basis of mutual affinity is the primary building block of the DAY-NRLM community institutional design. DAY-NRLM focuses on building, nurturing and strengthening the institutions of the poor women, including the SHGs and their Federations at village and higher levels. In addition, DAY-NRLM promotes livelihood institutions of rural poor. The mission provides a continuous hand-holding support to the institutions of poor for a period of 5 – 7 years till they come out of abject poverty. The community institutional architecture put in place under DAY-NRLM will provide support for a much longer duration and of a greater intensity.

1.4 The support from DAY-NRLM includes all round capacity building of the SHGs ensuring that the group functions effectively on all issues concerning their members, financial management, providing them with initial fund support to address vulnerabilities and high cost indebtedness, formation and nurturing of SHG federations, making the federations evolve as strong support organizations, making livelihoods of the poor sustainable, formation and nurturing of livelihoods organizations, skill development of the rural youth to start their own enterprises or take up jobs in organized sector, enabling these institutions to access their entitlements from the key line departments, etc.

1.5 The implementation of DAY-NRLM has been in a Mission Mode since April, 2013. DAY-NRLM adopts a demand driven approach, enabling the States to formulate their own State specific poverty reduction action plans. DAY-NRLM enables the State rural livelihoods missions to professionalize their human resources at State, district and block level. The State missions are capacitated to deliver a wide range of quality services to the rural poor. DAY-NRLM emphasizes continuous capacity building, imparting requisite skills and creating linkages with livelihoods opportunities for the poor, including those emerging in the organized sector, and monitoring against targets of poverty reduction outcomes. The blocks and districts in which all the components of DAY-NRLM will be implemented, either through the SRLMs or partner institutions or NGOs, will be the intensive blocks and districts, whereas remaining will be non-intensive blocks and districts. The selection of intensive districts are done by the states based on the demographic vulnerabilities. It will be rolled out in a phased manner over the next 7 - 8 years. All blocks in the country will become intensive blocks over time. The key features of DAY-NRLM have been furnished in [Annex I](#).

2. Women SHGs and their Federations

2.1 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.

2.2 DAY-NRLM promotes affinity based women Self Help Groups (SHGs).

2.3 Only for groups to be formed with Persons with disabilities, and other special categories like elders, transgenders, DAY-NRLM will have both men and women in the Self-Help Groups.

2.4 SHG is an informal group and registration under any Societies Act, State cooperative Act or a partnership firm is not mandatory vide Circular RPCD. No. Plan BC.13/PL-09.22/90-91 dated July 24th, 1991. However Federations of Self Help Groups formed at village, Gram Panchayat, Cluster or higher level may be registered under appropriate acts prevailing in their States.

Financial Assistance to the SHGs

3. Revolving Fund (RF): DAY-NRLM would provide Revolving Fund (RF) support to SHGs in existence for a minimum period of 3/6 months and follow the norms of good SHGs, i.e. they follow 'Panchasutra' – regular meetings, regular savings, regular internal lending, regular recoveries and maintenance of proper books of accounts. Only such SHGs that have not received any RF earlier will be provided with RF, as corpus, with a minimum of ₹10, 000 and up to a maximum of ₹15,000 per SHG. The purpose of RF is to strengthen their institutional and financial management capacity and build a good credit history within the group.

4. Capital Subsidy has been discontinued under DAY-NRLM:

No Capital Subsidy will be sanctioned to any SHG from the date of implementation of DAY-NRLM.

5. Community Investment Support Fund (CIF)

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.

6. Introduction of Interest subvention:

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. This will be available across the country in two ways:

(i) In 250 identified districts, banks will lend to the women SHGs @7% up to an aggregated loan amount of ₹ 3,00,000/-.The SHGs will also get additional interest subvention of 3% on prompt payment, reducing the effective rate of interest to 4%.

(ii) In the remaining districts also, all women SHGs under DAY-NRLM will be SHGs are eligible for interest subvention to the extent of difference between the lending rates and 7% for the loan up to ₹ 3,00,000, subjected to the norms prescribed by the respective SRLMs. This part of the scheme will be operationalized by SRLMs.

(A separate circular on October 13, 2017 was issued to all Public and Private Sector Banks containing the detailed guidelines on interest subvention and its operationalization across the country for the year 2017-18 along with the list of 250 identified districts [Annex III](#). Salient features and the implementation procedure of the Scheme are enclosed in [Annex II](#). Interest subvention for subsequent years will be communicated separately to the banks by GOI/RBI).

7. Role of banks:

7.1 Opening of Savings accounts:

7.1.1 Opening of Savings account of SHGs: The role of banks would commence with opening of accounts for all the Women SHGs including members with disability and the Federations of the SHGs. The SHGs engaged in promoting of savings habits among their members would be eligible to open savings bank accounts.

Know Your Customer (KYC) verification of only the office bearers shall suffice for opening of savings bank account. Banks should not insist on Permanent Account Number (PAN) of SHGs at the time of opening of account or transactions and may accept declaration in Form No 60 as may be required. KYC verification of all the members in the SHG can be made at the time of credit linking of SHGs. Opening of savings account of all members with the bank shall not be made a prerequisite for credit linkage of SHGs.

Banks are advised to maintain separate Savings and loan account for Self Help Groups.

7.1.2 **Opening of Savings account of Federation of SHGs:** Banks are advised to open savings account of Federations of SHGs at village, Gram Panchayat, Cluster or higher

level. These accounts may be categorized as savings account for 'Association of persons'. The 'Know Your Customer' (KYC) norms for the signatories of such accounts as specified from time to time by Reserve Bank of India will be applicable.

7.1.3 Transaction in Savings account of SHGs and Federation of SHGs: SHGs and their federations may be encouraged to transact through their respective saving account on regular basis. To facilitate this, banks are advised to enable transactions in jointly operated savings account of SHGs and their federations with inter-operable facility at retail outlets managed by Business Correspondent Agents. Banks are also advised to extend all such services to SHGs and their federations through Business Correspondent agents permitted vide [circular DBOD.No.BAPD.BC.122/22.01.009/2013-14 dated June 24, 2014](#).

7.2 Lending Norms:

7.2.1 The eligibility criteria for the SHGs to avail loans:

- SHG should be in active existence at least since the last 6 months as per the books of account of SHGs and not from the date of opening of S/B account.
- SHG should be practicing '*Panchasutras*' i.e. Regular meetings; Regular savings; Regular inter-loaning; Timely repayment; and Up-to-date books of accounts;
- Qualified as per grading norms fixed by NABARD. As and when the federations of the SHGs come to existence, the grading exercise can be done by the Federations to support the Banks.
- The existing defunct SHGs are also eligible for credit if they are revived and continue to be active for a minimum period of 3 months.

7.2.2 Loan Application: It is advised that all banks should use the Common Loan Application Forms recommended by Indian Bank's Association (IBA) for extending credit facility to SHGs.

7.2.3 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.

SHGs can avail either Term Loan (TL) or a Cash Credit Limit (CCL) loan or both based on the need. In case of need, additional loan can be sanctioned even though the previous loan is outstanding.

The amount of credit under different facilities should be as follows:

Cash Credit Limit (CCL): In case of CCL, banks are advised to sanction minimum loan of ₹ 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 ₹ 1 lakh whichever is higher.
- DP for Second Year: 8 times of the corpus at the time review/ enhancement or minimum of ₹ 2 lakh, whichever is higher
- DP for Third Year: Minimum of ₹ 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 ₹ 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 ₹ 1 lakh whichever is higher.
- Second Dose: 8 times of the existing corpus or minimum of ₹ 2 lakh, whichever is higher

- Third Dose: Minimum of ₹ 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 ₹ 5 lakhs based on the Micro credit plan prepared by the SHGs and appraised by the Federations /Support agency and the previous credit History

Banks should take necessary measures to ensure that eligible SHG are provided with repeat loans. Banks are advised to work with DAY-NRLM to institutionalize a mechanism for online submission of loan application of SHGs for tracking and timely disposal of application.

(Corpus is inclusive of revolving funds, if any, received by that SHG, its own savings, interest earning by SHG from on-lending to its members, income from other sources, and funds from other sources in case of promotion by other institutes/NGOs.)

7.3 Purpose of loan and repayment:

7.3.1 The loan amount will be distributed among members based on the Micro Credit Plan (MCP) 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 started by the SHGs.

7.3.2 In order to facilitate use of loans for augmenting livelihoods of SHG members, it is advised that at least 50% of loans above ₹ 2 lakhs and 75% of loans above ₹ 4 lakhs 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.

7.3.3 Repayment schedule could be as follows:

- The First year/ first dose of loan will be repaid in 6-12 months in monthly/ quarterly instalments
- The Second year/ Second dose of loan will be repaid in 12-24 months in monthly/ quarterly instalments

- The Third year/ Third dose of loan will be repaid in 24-36 months in monthly/ quarterly instalments
- The loan from Fourth year/ Fourth dose onwards has to be repaid between 3-6 years based on the cash flow in monthly/ quarterly installments.

7.4. Security and Margin: No collateral and no margin will be charged up to ₹ 10.00 lakhs limit to the SHGs. No lien should be marked against savings bank account of SHGs and no deposits should be insisted upon while sanctioning loans.

7.5. Dealing with Defaulters:

7.5.1 It is desirable that willful defaulters should not be financed under DAY-NRLM. In case willful defaulters are members of a group, they might be allowed to benefit from the thrift and credit activities of the group including the corpus built up with the assistance of Revolving Fund. But at the stage of accessing bank loan by SHG for financing economic activities by its members, the willful defaulters should not have the benefit of such bank loan until the outstanding loans are repaid. Willful defaulters of the group should not get benefits under the DAY-NRLM Scheme and the group may be financed excluding such defaulters while documenting the loan. However, banks should not deny loan to entire SHG on the pretext that spouse or other family members of individual members of SHG being a defaulter with the bank. Further, non-willful defaulters should not be debarred from receiving the loan. In case default is due to genuine reasons, Banks may follow the norms suggested for restructuring the account with revised repayment schedule.

8. Credit Target Planning

8.1 Based on the Potential Linked Plan/State Focus Paper prepared by NABARD, SLBC sub-committee on SHG Bank Linkage may arrive at the district-wise, block-wise and branch-wise credit plan. The sub- committee should consider the existing SHGs, New SHGs proposed, and number of SHGs eligible for fresh and repeat loans as suggested by the SRLMs to arrive at the credit targets for the states. The targets so decided should be approved in the SLBC and should be reviewed and monitored periodically for effective implementation.

8.2. The district-wise credit plans should be communicated to the DCC. The Block-wise/Cluster-wise targets are to be communicated to the bank Branches through the Controllers.

9. Post credit follow-up

9.1 Loan pass books or statement of accounts in regional languages may be issued to the SHGs which may contain all the details of the loans disbursed to them and the terms and conditions applicable to the loan sanctioned. The passbook should be updated with every transaction made by the SHGs. At the time of documentation and disbursement of loan, it is advisable to clearly explain the terms and conditions as part of financial literacy.

9.2 Bank branches may observe one fixed day in a fortnight to enable the staff to go to the field and attend the meetings of the SHGs and Federations to observe the operations of the SHGs and keep a track of the regularity in the SHGs meetings and performance.

10. Repayment:

Prompt repayment of the loans is necessary to ensure the success of the programme. Banks shall take all possible measures, i.e. personal contact, organization of joint recovery camps with District Mission Management Units (DPMUs) / DRDAs to ensure the recovery of loans. Keeping in view, the importance of loan recovery, banks should prepare a list of defaulting SHGs under DAY-NRLM every month and furnish the list in the BLBC, DCC meetings. This would ensure that DAY-NRLM staff at the district/ block level will assist the bankers in initiating the repayment.

11. Deputation of the bank officials to SRLMs

As a measure of strengthening the (DPMUs) / DRDAs and for promoting a better credit environment, deputation of the bank officials to DPMUs/ DRDAs has been suggested. Banks may consider deputing officers at various levels to the State Governments/DRDAs in consultation with them.

12. Supervision and monitoring of the Scheme

Banks may set up DAY-NRLM cells at Regional/Zonal offices. These cells should periodically monitor and review the flow of credit to the SHGs, ensure the implementation of the guidelines to the scheme, collect data from the branches and make available

consolidated data to the Head office and the DAY-NRLM units at the districts/ blocks. The cell should also discuss this consolidated data in the SLBC, BLBC and DCC meetings regularly to maintain the effective communication with the state staff and all banks.

12.1 State Level Bankers' Committee: SLBCs shall constitute a sub-committee on SHG-bank linkage. The sub-committee should consist of members from all banks operating in the State, RBI, NABARD, CEO of SRLM, representatives of State Rural Development Department, Secretary-Institutional Finance and Representatives of Development Departments etc. The sub- committee shall meet once in a month with a specific agenda of review, implementation and monitoring of the SHG-Bank linkage and the issues/ constraints in achievement of the credit target. The decisions of SLBCs should be derived from the analysis of the reports of the sub-committee.

12.2 District Coordination Committee: The DCC (DAY-NRLM sub-committee) shall regularly monitor the flow of credit to SHGs at the district level and resolve issues that constrain the flow of credit to the SHGs at district level. This committee meeting should have participation of LDMs, AGM of NABARD, district coordinators of the banks and DPMU staff representing DAY-NRLM and office bearers of SHG federations.

12.3 Block level Bankers Committee: The BLBC shall meet regularly and take up issues of SHG bank linkage at the block level. In this Committee, the SHGs/ Federations of the SHGs should be included as members to raise their voice in the forum. Branch wise status of SHG credit shall be monitored at the BLBC (Annex B and C may be used for the purpose)

12.4 Reporting to Lead District Managers: The branches may furnish the progress report and the delinquency report achieved under various activities of DAY-NRLM in the format at [Annex 'IV'](#) and [Annex V'](#) to the LDM every month for onward submission to Special Steering Committee/sub-committee constituted by SLBC.

12.5 Reporting to RBI: Banks may give a state-wise consolidated report on the progress made on DAY-NRLM to RBI/NABARD at quarterly intervals. The data may be submitted within a month from the end of the concerned quarter.

12.6 LBR returns: Existing procedure of submitting LBR returns to be continued duly furnishing the correct code.

13. **Data Sharing:**

Data sharing on a mutually agreed format / interval may be provided to DAY-NRLM or State Rural Livelihood Missions (SRLMs) for initiating various strategies including recovery etc. The financing banks are advised to regularly share data on loans to SHGs with the DAY-NRLM or SRLMs, directly from the CBS platform.

14. **DAY-NRLM support to the bankers:**

14.1 SRLM would develop strategic partnerships with major banks at various levels. It would invest in creating enabling conditions for both the banks and the poor for a mutually rewarding relationship.

14.2 SRLM will assist the SHGs through imparting financial literacy, extending counselling services on savings, credit and training on Micro-investment Planning embedded in capacity building.

14.3 SRLMs will extend support to banks for improving quality of banking services to poor clients including follow-up for recovery of over dues if any, by positioning customer relationship managers (Bank Mitra/ Sakhi) with every bank branch involved in financing of SHGs.

14.4 Leveraging IT mobile technologies and institutions of poor, youth or SHG member as business facilitators and business correspondents.

14.5. **Community Based Repayment mechanism (CBRM)**: One exclusive sub - committee for SHG Bank Linkage may be formed at village/cluster/ block level which will provide support to the banks in ensuring proper utilization of loan amount, recovery etc. The bank linkage sub - committee members from each village level federation along with project staff will meet once in a month under the chairmanship of the Branch Manager in the branch premises with the agenda items relating to bank linkage.

Key Features of DAY-NRLM

1. Universal Social Mobilization: To begin with, DAY-NRLM would ensure that at least one member from each identified rural poor household, preferably a woman, is brought under the Self Help Group (SHG) network in a time bound manner. Subsequently, both women and men would be organized for addressing livelihoods issues i.e. farmers organizations, milk producers' cooperatives, weavers associations, etc. All these institutions are inclusive and no poor would be left out of them. DAY-NRLM would ensure adequate coverage of vulnerable sections of the society such that 50% of the beneficiaries are SC/STs, 15% are minorities and 3% are persons with disability, while keeping in view the ultimate target of 100% coverage of all households under the automatically included criteria and households with at least one deprivation criteria as per Socio-Economic and Caste Census (SECC).

2. Participatory Identification of poor (PIP): The experience from SGSY suggests that the current BPL list has large inclusion and exclusion errors. To widen the target groups beyond the BPL list and to include all the needy poor identified as households with at least one deprivation criteria as per Socio-Economic and Caste Census (SECC). DAY-NRLM will also undertake community-based process i.e. participation of the poor in the process of identifying the target group. Participatory process based on sound methodology and tools (*social mapping and well-being categorization, deprivation indicators*) and also locally understood and accepted criterion ensures local consensus that inadvertently reduces the inclusion and exclusion errors and enables formation of the groups on the basis of mutual affinity. Over the years, the participatory method of identifying the poor have been developed and applied successfully in the states like AP, Kerala, Tamil Nadu and Odisha.

The households identified with at least one deprivation criteria as per SECC along with households identified through the P.I.P process will be accepted as DAY-NRLM target group and will be eligible for all the benefits under the programme. The list finalized after PIP process will be vetted by the Gram Sabha and approved by the Gram Panchayat.

Till the PIP process is undertaken by the State in a particular district/Block, the rural households with at least one deprivation criteria as per SECC list will be targeted under

DAY-NRLM. As already provided in the Framework for implementation of DAY-NRLM, up to 30% of the total membership of the SHGs may be from among the population marginally above the poverty line, subject to the approval of other members of the group. This 30% also includes the poor households whose name does not figure in the SECC list but are as poor as those included in SECC list.

3. Promotion of Institutions of the poor: Strong institutions of the poor such as SHGs and their village level and higher-level federations are necessary to provide space, voice and resources for the poor and for reducing their dependence on external agencies. They empower them and also act as instruments of knowledge and technology dissemination, and hubs of production, collectivization and commerce. DAY-NRLM, therefore, would focus on setting up these institutions at various levels. In addition, DAY-NRLM would promote specialized institutions like Livelihoods collectives, producers' cooperative/companies for livelihoods promotion through deriving economies of scale, backward and forward linkages, and access to information, credit, technology, markets etc. The Livelihoods collectives would enable the poor to optimize their limited resource.

4. Strengthening all existing SHGs and federations of the poor. There are existing institutions of the poor women formed by Government efforts and efforts of NGOs. DAY-NRLM would strengthen all existing institutions of the poor in a partnership mode. The self-help promoting institutions both in the Government and in the NGO sector would promote social accountability practices to introduce greater transparency. This would be in addition to the mechanisms that would be evolved by SRLMs and state governments. The learning from one another underpins the key processes of learning in DAY-NRLM.

5. Emphasis on Training, Capacity building and skill building: DAY-NRLM would ensure that the poor are provided with the requisite skills for managing their institutions, linking up with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness, etc. A multi-pronged approach is envisaged for continuous capacity building of the targeted families, SHGs, their federations, government functionaries, bankers, NGOs and other key stakeholders. Particular focus would be on developing and engaging community professionals and community resource persons for capacity building of SHGs and their federations and other collectives. DAY-NRLM would make extensive use of ICT to make knowledge dissemination and capacity building more effective.

6. Revolving Fund and Community investment support Fund (C.I.F): A Revolving Fund would be provided to eligible SHGs as an incentive to inculcate the habit of thrift and accumulate their own funds towards meeting their credit needs in the long-run and immediate consumption needs in the short-run. The C.I.F would be a corpus and used for meeting the members' credit needs directly and as catalytic capital for leveraging repeat bank finance. The C.I.F would be routed to the SHGs through the Federations. The key to coming out of poverty is continuous and easy access to finance, at reasonable rates, till they accumulate their own funds in large measure.

7. Universal Financial Inclusion: DAY-NRLM would work towards achieving universal financial inclusion, beyond basic banking services to all the poor households, SHGs and their federations. DAY-NRLM would work on both demand and supply side of Financial Inclusion. On the demand side, it would promote financial literacy among the poor and provides catalytic capital to the SHGs and their federations. On the supply side, it would coordinate with the financial sector and encourage use of Information, Communication & Technology (ICT) based financial technologies, business correspondents and community facilitators like 'Bank Mitras'. It would also work towards universal coverage of rural poor against loss of life, health and assets. Further, it would work on remittances, especially in areas where migration is endemic.

8. Provision of Interest Subvention: The rural poor need credit at low rate of interest and in multiple doses to make their ventures economically viable. In order to ensure affordable credit, DAY-NRLM has a provision for subvention on interest rate above 7% per annum for all eligible SHGs, who have availed loans from mainstream financial institutions.

9. Funding Pattern: DAY-NRLM is a Centrally Sponsored Scheme and the financing of the programme would be shared between the Centre and the States in the ratio of 60:40 (90:10 in case of North Eastern States including Sikkim; completely from the Centre in case of UTs). The Central allocation earmarked for the States would broadly be distributed in relation to the incidence of poverty in the States.

10. Phased Implementation: Social capital of the poor consists of the institutions of the poor, their leaders, community professionals and more importantly community resource

persons (poor women whose lives have been transformed through the support of their institutions). Building up social capital takes some time in the initial years, but it multiplies rapidly after some time. If the social capital of the poor does not play the lead role in DAY-NRLM, then it would not be a people's programme. Further, it is important to ensure that the quality and effectiveness of the interventions is not diluted. Therefore, a phased implementation approach is adopted in DAY-NRLM. DAY-NRLM would reach all districts by the end of 12th Five-year Plan.

11. Intensive blocks. The blocks that are taken up for implementation of DAY-NRLM, 'intensive blocks', would have access to a full complement of trained professional staff and cover a whole range of activities of universal and intense social and financial inclusion, livelihoods, partnerships etc. However, in the remaining blocks or non-intensive blocks, the activities may be limited in scope and intensity.

12. Rural Self Employment Training Institutes (RSETIs). RSETI concept is built on the model pioneered by Rural Development Self Employment Institute (RUDSETI) – a collaborative partnership between SDME Trust, Syndicate Bank and Canara Bank. The model envisages transforming unemployed youth into confident self-employed entrepreneurs through a short duration experiential learning programme followed by systematic long duration hand holding support. The need-based training builds entrepreneurship qualities, improves self-confidence, reduces risk of failure and develops the trainees into change agents. Banks are fully involved in selection, training and post training follow up stages. The needs of the poor articulated through the institutions of the poor would guide RSETIs in preparing the participants/trainees in their pursuits of self-employment and enterprises. DAY-NRLM would encourage public sector banks to set up RSETIs in all districts of the country.

Interest subvention scheme for Women SHGs

- I. Interest subvention scheme on Credit to Women SHG for all Commercial Banks (only Public Sector Banks, Private Sector Banks and Regional Rural Banks) and Co-operative banks in 250 districts
 - i. All women SHGs will be eligible for interest subvention on credit up to 3 lakhs at 7% per annum. SHG availing capital subsidy under SGSY in their existing credit outstanding will not be eligible for benefit under this scheme.
 - ii. The Commercial Banks and Cooperative Banks will lend to all the women SHGs at the rate of 7% in the 250 districts. [Annex III](#) provides the names of the 250 districts.
 - iii. All Commercial Banks (excluding RRBs) will be subvented to the extent of difference between the Weighted Average Interest Charged (*WAIC as specified by Department of Financial Services, Ministry of Finance*) and 7% subject to the maximum limit of 5.5%. This subvention will be available to all the Banks on the condition that they make SHG credit available at 7% p.a. in the 250 districts.
 - iv. RRBs and Cooperative Banks will be subvented to the extent of difference between the maximum lending rates (as specified by NABARD) and 7% subject to the maximum limit of 5.5%. This subvention will be available to all RRBs and Cooperative Banks on the condition that they make SHG credit available at 7% p.a. in the 250 districts. RRBs and Cooperative Banks will also get concessional refinance from NABARD. Detailed guidelines for RRBs and Cooperative Banks will be issued by NABARD.
 - v. Further, the SHGs will be provided with an additional 3% subvention on the prompt repayment of loans. For the purpose of Interest Subvention of additional 3% on prompt repayment, an SHG account will be considered prompt payee if it satisfies the following criterion.

a. For Cash Credit Limit:

- i. Outstanding balance shall not have remained in excess of the limit /drawing power continuously for more than 30 days.
- ii. There should be regular credit and debits in the accounts. In any case there shall be at least one customer induced credit during a month.
- iii. Customer induced credit should be sufficient to cover the interest debited during the month.

b. For the Term loans: A term loan account where all of the interest payments and/or instalments of principal were paid within 30 days of the due date during the tenure of the loan, would be considered as an account having prompt payment.

All prompt payee SHG accounts as on the end of the reporting quarter will be eligible for the additional interest subvention of 3%. The banks should credit the amount of 3% interest subvention to the eligible SHG loan accounts and thereafter seek the reimbursement.

- vi. The Interest Subvention scheme shall be implemented for all commercial banks (excluding RRBs) through a Nodal Bank selected by the Ministry of Rural Development.
- vii. For the RRBs and Cooperative Banks the scheme will be operationalized by NABARD similar to the short-term crop loan scheme.
- viii. All Commercial Banks (including the PSBs, Private Banks and RRBs) who are operating on the Core Banking Solutions (CBS) can avail the interest subvention under the scheme.
- ix. In order to avail the Interest Subvention on credit extended to the SHGs @ 7%, regular subvention, all commercial banks (excluding RRBs) are required to upload the SHG loan account information on the Nodal Bank's portal as per the required technical specification. Banks must submit the claims for 3% additional subvention on the same portal.
- x. The claims submitted by bank should be accompanied by a Statutory Auditor's certificate (in original) certifying the claims for subvention as true and correct.

- xi. In order to avail the Interest Subvention on credit extended to the SHGs @ 7%, all RRBs and Cooperative Banks are required to submit their claims to respective NABARD - Regional Offices on a quarterly basis as at June, September, December and March. The claims for the last quarter should be accompanied with a Statutory Auditor's certificate certifying the claims for the Financial Year as true and correct. The claims of any Bank for the quarter ending March will be settled by MoRD only on receipt of the Statutory Audited certificate for the complete Financial Year by the Bank.
- xii. RRBs and Cooperative Banks may submit their consolidated claims pertaining to the 3% additional subvention on disbursements made during the entire year to respective NABARD - Regional Offices latest by June every year, duly audited by Statutory Auditors certifying the correctness.
- xiii. Any remaining claim pertaining to the disbursements made during the year and not included during the year, may be consolidated separately and marked as an '*Additional Claim*' and submitted to Nodal Bank (for all Commercial banks except RRBs) and NABARD Regional Offices (for all RRBs and Cooperative Banks) latest by June every year, duly audited by Statutory Auditors certifying the correctness.
- xiv. Any corrections in claims by PSBs and Pvt. Sector Banks shall be adjusted from later claims based on auditor's certificate. The corrections must be made on the nodal banks portal accordingly.
- xv. For process of submission of claims by RRBs and Cooperative Banks, detailed guidelines will be issued by NABARD

II. Interest subvention scheme for Category II Districts (Other than 250 districts).

For category II districts, comprising of districts other than the above 250 districts, all women SHGs under DAY-NRLM will continue to be eligible for interest subvention to avail the loan facility at an interest rate of 7%. The funding for this subvention will be provided to the State Rural Livelihoods Missions (S.R.L.Ms). The State-wise distribution of the provision under this budget head would be determined each year. In the Category II districts, Banks will charge the SHGs as per their respective lending norms and the difference between the lending rates and 7% subjected to a maximum limit of 5.5% will be subvented in the loan accounts of the SHGs by the SRLM. In pursuance of the above, the salient features and the operational guidelines in respect of the interest subvention for the category II districts, are as follows:

(A) Role of the Banks:

All banks who are operating on the Core Banking Solution (CBS) are required to furnish the details of the Credit disbursement and Credit outstanding of the SHGs across all districts in the desired format as suggested by the MoRD, directly from the CBS platform, to the Ministry of Rural Development (*through FTP*) and to the SRLMs. The information should be provided on a monthly basis to facilitate the calculation and disbursement of the Interest Subvention amount to SHGs.

B) Role of the State Governments:

- i. All women SHGs, comprising of more than 70% BPL or rural poor members (rural poor as per the Participatory Identification Process) are regarded as SHGs under DAY-NRLM. Such SHGs, comprising of rural poor members from the intended DAY-NRLM target group will be eligible for interest subvention on credit up to ₹ 3 lakhs at the rate of 7% per annum on prompt repayment.
- ii. This scheme will be implemented by the State Rural Livelihood Missions (SRLMs). SRLMs will provide interest subvention to the eligible SHGs who have accessed loan from Commercial and Cooperative Banks. The funding for this subvention will be met out of the Central Allocation: State Contribution in the ratio of 75:25.
- iii. The SHGs will be subvented with the extent of difference between the lending Rate of the banks and 7% subjected to a maximum limit of 5.5% by the SRLMs, directly on a monthly / quarterly basis. An e-transfer of the subvention amount will be made by the SRLM to the loan accounts of the SHGs who have repaid promptly.
- iv. Women SHGs who have availed capital subsidy under SGSY in their existing loans, will not be eligible for benefit of Interest Subvention for their subsisting loan under this scheme.
- v. SRLMs should submit Quarterly Utilization Certificate indicating subvention amounts transferred to the Loan accounts of the eligible SHGs

The States with state specific interest subvention schemes are advised to harmonize their guidelines with the Central scheme

Annexure III**List of 250 eligible Districts for the Interest Subvention on the loan at 7% and additional interest Subvention of 3% on the prompt repayment**

<u>SI No</u>	<u>States</u>	<u>SI No</u>	<u>Name of districts</u>
1	ANDHRA PRADESH	1	Guntur
		2	Krishna
		3	Srikakulam
		4	East Godavari
		5	Vijaynagram
		6	Visakhapatnam
2	ARUNACHAL PRADESH	1	East Siang
		2	East Kameng
		3	Papumpare
		4	Lohit
3	ASSAM	1	Chirang
		2	Karbi Anglong
		3	Sonitpur
		4	Tinsukiya
		5	Hailakandi
		6	Dhemeji
		7	Jorhat
		8	Nagaon
4	BIHAR	1	Saharsa
		2	Supaul
		3	Madhepura
		4	Nalanda
		5	Khagria
		6	EastChamparan (Motihari)
		7	Arwal
		8	Aurangabad
		9	Gaya
		10	Jamui
		11	Jehanabad
		12	Kaimur
		13	Munger
		14	Nawada
		15	Rohtas
		16	Paschim Champaran
		17	Sitamarhi
5	CHATTISGARH	1	Balarampur
		2	Surajpur
		3	Sukama
		4	Kondagaon

<u>Sl No</u>	<u>States</u>	<u>Sl No</u>	<u>Name of districts</u>
		5	Gariyaband
		6	Baloda Bazar
		7	Dhamtari
		8	Raigarh
		9	Bastar
		10	Bijapur
		11	Dantewada
		12	Jashpur
		13	Kanker
		14	Kawardha
		15	Koriya
		16	Narayanpur
		17	Rajnandgaon
		18	Sarguja
6	GUJARAT	1	Chhotaudepur
		2	Mahisagar
		3	Mehsana
		4	Junagadh
		5	Vadodara
		6	Banaskantha
		7	Panchmahal
7	JHARKHAND	1	Pakur
		2	Dumka
		3	Godda
		4	Bokarao
		5	Chatra
		6	Garhwa
		7	Giridh
		8	Gumla
		9	Hazaribagh
		10	Khunti
		11	Kodarma
		12	Latehar(N)
		13	Lohardaga
		14	Paschim Singhbhum
		15	Palamu
		16	Purbi Singhbhum
		17	Ramgarh
		18	Ranchi(Rural)
		19	Saraikela(N)
		20	Simdega(N)
8	KARNATAKA	1	Bijapur
		2	Chamrajnagar
		3	Chitradurga

<u>SI No</u>	<u>States</u>	<u>SI No</u>	<u>Name of districts</u>
		4	Gulbarga
		5	Mysore
		6	Tumkur
		7	Gadag
		8	Koppal
9	MADHYA PRADESH	1	Sager
		2	Damoh
		3	Tikamgarh
		4	Panna
		5	Chahatapur
		6	Jhabua
		7	Dhar
		8	Annupur
		9	Balaghat
		10	Dindori
		11	Mandala
		12	Seoni
		13	Shahdol
		14	Sidhi
		15	Umaria
		16	Chhindwara
		17	Singrauli
		18	Badwani
		19	Sheopur
		20	Alirajpur
10	MAHARASHTRA	1	Solapur
		2	Ratnagiri
		3	Thane
		4	Wardha
		5	Beed
		6	Sindhurdurg
		7	Chandrapur
		8	Gadchiroli
		9	Gondia
		10	Jalna
		11	Osmanabad
		12	Nandurbar
		13	Yavatmal
11	ODISHA	1	Angul
		2	Bhadrak
		3	Balasore
		4	Cuttack
		5	Balangir
		6	Devagarh

<u>SI No</u>	<u>States</u>	<u>SI No</u>	<u>Name of districts</u>
		7	Gajapati
		8	Ganjam
		9	Jaipur
		10	Kalahandi
		11	Kandhamal
		12	Kendujhar
		13	Koraput
		14	Malkangiri
		15	Mayurbhanj
		16	Nabarangpur
		17	Nayagarh
		18	Nuapada
		19	Rayagada
		20	Sambalpur
		21	Sonapur
		22	Sundargarh
12	RAJASTHAN	1	Dungarpur
		2	Banswara
		3	Dholpur
		4	Jhalawar
		5	Baran
		6	Ajmer
		7	Alwar
		8	Dausa
		9	Udaipur
13	TAMIL NADU	1	Cuddalore
		2	Nagapattinam
		3	Thanjaore
		4	Trichy
		5	Dindugal
		6	Vilupuram
		7	Vellore
		8	Thiruvannamalai
		9	Dharmapuri
14	UTTAR PRADESH	1	Agra
		2	Aligarh
		3	Auraiya
		4	Basti
		5	Bijnor
		6	Lakhimpur Kheri
		7	Unnao
		8	Varanasi
		9	Bara banki
		10	Gorakhpur

<u>SI No</u>	<u>States</u>	<u>SI No</u>	<u>Name of districts</u>
		11	Lucknow
		12	Chandauli
		13	Mirzapur
		14	Sonbhadra
		15	Badaun
		16	Hardoi
		17	Etwah
		18	Azamgarh
		19	Allahabad
		20	Ambedkarnagar
		21	Bahraich
		22	Deoria
		23	Jalaun
		24	Hamirpur
		25	Banda
15	WEST BENGAL	1	Alipurduar
		2	Purba Medinipur
		3	South 24 Parganas
		4	Bankura
		5	Medinipur West
		6	Coochbehar
		7	Birbhum
		8	Puruliya
16	TELANGANA	1	Mahabubnagar
		2	Adilabad
		3	Warangal
		4	Khammam
		5	Karimnagar
17	KERALA	1	Idukki
		2	Vayanadu
		3	Pallakkad
		4	Mallapuram
18	HARYANA	1	Mahendergarh
		2	Karnal
		3	Jind
		4	Mewat
		5	Bhiwani
		6	Jhajjar
19	HIMACHAL PRADESH	1	Kangra
		2	Una
		3	Shimla
		4	Mandi
20	JAMMU & KASHMIR	1	Kupwara
		2	Poonch

<u>SI No</u>	<u>States</u>	<u>SI No</u>	<u>Name of districts</u>
		3	Kistwar
		4	Ganderbal
		5	Budgam
		6	Udhampur
21	PUNJAB	1	Patiala
		2	Sangrur
		3	Bathinda
		4	Tarn Taran
		5	Gurdaspur
		6	Ferozepur
22	UTTRAKHAND	1	Pithoragarh
		2	Pohri Garwal
		3	Chamoli
		4	Bageshwar
23	MANIPUR	1	Chandel
		2	Imphal East
24	MEGHALAYA	1	West Garo Hills
		2	South West Khasi Hills
		3	West Khasi Hill
25	MIZORAM	1	Serchhip
		2	Aizwal
		3	Lunglei
26	NAGALAND	1	Kiphere
		2	Longleng
		3	Peren
		4	Tuensang
		5	Mon
27	TRIPURA	1	Dhalai
		2	West Tripura
		3	North Tripura
28	PUDUCHERRY	1	Puducherry
29	ANDAMAN & NICOBAR ISLANDS	1	North & Middle Andhman Dist
30	SIKKIM	1	South Sikkim
		2	East Sikkim
31	GOA	1	North Goa

Annex IV

Branch Name:

Bank Name:

Block

Name:

District:

State:

Progress report for
the month of -----,
20--

No. of loans – Actual * ₹lakhs

S. No	No of SHGs with SB account			Credit Linked SHGs in the month						Credit outstanding	
	Total S/B accounts till last month	New a/c opened this month	Cumulative	New Loans		Repeat Loans		Cumulative		No of loans	Amount Outstanding*
				No of loans	Amount Disbursed*	No of loans	Amount Disbursed*	No of loans	Amount Disbursed*		
	1(a)	1(b)	1(c) = 1(a)+1(b)	2(a)	2(b)	3(a)	3(b)	4(a) = 2(a)+3(a)	4(b)=2(b)+3(b)	5(a)	5(b)

**New loans: First linkage loans to be considered as the new loans*

**Second and third linkage to be counted under repeat finance*

** Credit Outstanding 5(a) and 5(b) should be inclusive of the cumulative credit disbursed in the month i.e. 5(a) = 4(b) + credit outstanding till last month*

Annex V

Delinquency Report for the month of

Branch Name:

Bank Name:

Block Name:

District:

State:

No. of loans – Actual * ₹lakhs

SL No	No of loan accounts	Amount outstanding*	Irregular accounts (4)		Details of the NPA accounts (5)	
			No of accounts	Overdue Amount*	No of accounts	Amount*
1	2	3	4(a)	4(b)	5(a)	5(b)

Appendix

No.	Circular No.	Date	Subject
1.	RPCD.GSSD.CO.NO.81/09.01.03/2012-13	27.06.2013	Priority Sector Lending – Restructuring of SGSY as National Rural Livelihoods Mission(DAY-NRLM)- Aajeevika
2.	RPCD.GSSD.CO.BC.No.38/09.01.03/2013-14	20.09.2013	Credit Facility under National Rural Livelihoods Mission(NRLM)- Aajeevika-Reporting to RBI
3.	RPCD.GSSD.CO.BC.No.57/09.01.03/2013-14	19.11.2013	Restructuring of SGSY as National Rural Livelihoods Mission (NRLM)-Aajeevika-Interest Subvention Scheme
4.	FIDD.GSSD.CO.BC.NO.45/09.01.03/2014-15	09.12.2014	National Rural Livelihoods Mission(NRLM)- Aajeevika-Interest Subvention Scheme
5.	FIDD.GSSD.CO.BC.NO.19/09.01.03/2015-16	21.01.2016	National Rural Livelihoods Mission(NRLM)- Aajeevika-Interest Subvention Scheme 2015-16
6	FIDD.GSSD.CO.BC.NO.26/09.01.03/2015-16	09.06.2016	National Rural Livelihoods Mission(NRLM)- Aajeevika-Interest Subvention Scheme 2015-16 – Modification.
7	FIDD.GSSD.CO.BC.NO.13/09.01.03/2016-17	25.08.2016	National Rural Livelihoods Mission(NRLM)- Aajeevika-Interest Subvention Scheme 2016-17
8	FIDD.GSSD.CO.BC.NO.17/09.01.03/2017-18	18.10.2017	National Rural Livelihoods Mission(NRLM)- Aajeevika-Interest Subvention Scheme 2017-18