

July 30, 2004

The Chairman/ Managing Director
All Indian Scheduled Commercial Banks
(Excluding RRBs)

Dear Sir,

Inclusion of Self Help Groups under the PMRY

Please refer to our earlier circular **RPCD.No.BC. 50/09.04.01/2003–2004 dated December 08, 2003** on the above subject.

2. As per decision of the meeting held on 28.05.2004 under the chairmanship of Secretary (SSI&ARI), Government of India, following modifications have been carried out in implementation of PMRY in order to make the scheme more effective.

Self Help Groups (SHGs) can be considered for assistance under PMRY provided:

- a) Educated unemployed youth satisfy the eligibility criteria laid down under the scheme volunteer to form SHG to set up self-employed ventures (Common Economic Activity)
- b) A Self Help Group may consists of 5 – 20 educated unemployed youth.
- c) No upper ceiling on loan.
- d) Loan may be provided as per individual eligibility taking into account the requirement of the project.
- e) SHG may undertake common economic activity for which loan is sanctioned without resorting to onward lending to its members.
- f) Subsidy may be provided to the SHG as per the eligibility of individual members taking into account relaxation provided in North Eastern States, Uttaranchal, Himachal Pradesh and Jammu & Kashmir.
- g) Required margin money contribution (i.e. subsidy and margin to be equal to 20 percent of the project cost) should be brought in by the SHG collectively.
- h) The exemption limit for obtention of collateral security will be Rs. 5.00 lakh per borrowal account for projects under Industry Sector. Exemption from collateral will be limited to an amount of Rs.1.00 lakh per member of SHG for projects under Service & Business Sectors. Banks may consider enhancement in limit of exemption of collateral in deserving cases.
- i) Implementing agencies may decide necessity of pre-disbursal training for all the members/majority of the members in the group.

3. You may issue necessary instructions to your Regional/ Controlling offices/ branches in this regard Please acknowledge receipt.

4. Please acknowledge receipt.

Yours faithfully

(G.P.Borah)
Deputy General Manager