

No. I-12011/04/2017-RL(C)
Government of India
Ministry of Rural Development
Department of Rural Development
(RL Division)

7th Floor, NDCC-II Building,
Jai Singh Marg, New Delhi-110001.

Dated the 26th September, 2019.

To

The State Mission Director/ CEO
All State Rural Livelihoods Mission.

Sub: Arrangements to facilitate MUDRA loans for SHG members.

Madam/ Sir,

You are aware that Hon. Minister for Finance, in the budget speech for the year 2019-20, inter alia announced the following

“ One woman in every SHG will also be made eligible for a loan up to ` 1 lakh under the MUDRA Scheme.”

In view of the above, all SRLMs are advised to make necessary arrangements to identify and facilitate sponsorship of loan application under MUDRA from eligible SHG members. A note on field level arrangements that may be made by respective SRLM is attached for reference.

The tentative target for each state is also enclosed. You are requested to kindly confirm the same and draw up a detailed action plan in consultation with banks.

It is requested that NMMU, Ministry of Rural Development may be updated on the progress on monthly basis.

Yours faithfully,



(Nita Kejrewal)

Joint Secretary to the Govt. of India

Encl: As above.

Field Arrangements to facilitate MUDRA loan for SHG members

Hon. Minister for Finance, in the budget speech for the year 2019-20, inter alia announced

"One woman in every SHG will also be made eligible for a loan up to ₹ 1 lakh under the MUDRA Scheme."

In view the announcement made, it is proposed that all State Rural Livelihoods Mission (SRLMs) under DAY-NRLM make the following arrangements to identify and sponsor eligible SHG members to avail required credit facility under MUDRA.

The key arrangements to be made are as follows:

A. Identification of potential MUDRA borrowers from among SHG members

1. Identification of the potential SHG member willing to avail credit facility under MUDRA is one of the crucial steps. For identification of the borrowers the following eligibility criteria may be followed

Eligibility criteria for identifying SHG members for MUDRA loan:

- i. Member should be from SHG which have accessed at least one cycle of loan from commercial bank
 - ii. Member should have been associated with the said SHG for at least 1 year
 - iii. Member should have cumulatively borrowed at least Rs 25000 through the SHG
 - iv. Member is regular in repayment of loans taken from SHG
 - v. Member should not be defaulter of any Bank/FI.
 - vi. Member generally should not be existing borrower of any Bank/FI on this enterprise.
2. Member requesting credit facility under MUDRA is preferably for an existing enterprise and not a new enterprise.
 3. Enterprise proposed to be financed by MUDRA should ideally be in the Manufacturing, services, processing or handicraft sector and not in nature of trading activity.
 4. Loan amount requested by the identified SHG member should be minimum of Rs 50000
 5. The cumulative loan outstanding on the SHG member should not exceed Rs 1 lakh from all sources combined including the proposed loan amount under MUDRA.
-

6. Identification of the members following the above mentioned criteria may be done by trained CRPs/ Bank Sakhi/ Business Correspondents/ Enterprise CRPs. The CRPs may fill annexure -1 for each identified member.

B. Preparation and sponsorship of application

1. SHG Member identified as per the above mentioned processes should be assisted to prepare detailed application for availing the credit facility. The District Mission Management Unit (DMMU)/ Block Mission Management Unit (BMMU) under State Rural Livelihood Missions should extend this assistance to the identified member.
2. District/ Block level functionaries must conduct onsite verification of the member to verify the information provided in annexure-1 and fill the attached template (annexure -2) on the existing enterprises prior to filling of the loan application.
3. Due diligence should be applied to assess the viability of the enterprise in the area and capacity of the member/ spouse to manage the proposed enterprise/existing enterprise with additional capacity.
4. On satisfactory verification of member and enterprise details, detailed application of the eligible members may be filled.
5. The filled application should be submitted to the respective bank branches along with all necessary supporting documents.
6. District/ Block functionaries should do regular follow-up with bank officials for timely processing of submitted application and disbursement of loan amount to SHG members
7. SRLMs should maintain an inventory of number of applications submitted and sanctioned in each bank branch.

C. Assistance for setting up of enterprises

1. Concerned SRLMs should extend necessary assistance to SHG Member who have availed credit facility under MUDRA in setting up of their enterprises.
2. All such members who have been sanctioned credit facility should be oriented on how to use the credit facility and importance of timely repayment.
3. Further, each member depending on the sector may be associated with designated resource support/ training agencies for necessary guidance and support. To the extent possible, it should be made mandatory that each member undergoes minimum training/orientation of the various technical/management aspect of the selected enterprise.
4. Each selected entrepreneur or at least one of her family member should be trained in basic book keeping for the enterprises. It also must be emphasized that the entrepreneur should carry out her financial transactions through cheque or through digital channels to build a transaction history of the enterprise.

D. Monitoring and Follow-up

1. Concerned SRLMs through district/ Block unit should regularly follow-up on the status of disbursement of loans sanctioned under MUDRA and ensure timely disbursal of all sanctioned loans.
2. Further, post disbursal, SRLMs should follow-up with all borrowers to ensure timely repayment of loans as per repayment schedule/service of the interest.
3. SRLMs should seek a statement of account of each borrower from banks on a monthly basis. (Would be difficult to implement, May seek overdue details only). In case of overdue of any members, immediate corrective actions should be initiated.
4. Further, SRLM should also conduct at least 4 mandatory visit to the enterprise site in a year and report on its status on the following parameters
 - i. Operation Status: [Continuing/ Started but operation stopped/ Failed/ Loss making]
 - ii. Estimated monthly income:
 - iii. No of persons involved – Full time/ part time

Profile of SHG member identified as potential borrower under MUDRA**1. Details of Potential Borrower**

Name of Member			
Name of Father/ Husband			
Address:	Vill:	GP:	
	Block:	Tehsil/ Dist.:	
	State:Pin Code:		

2. Details of SHG

Name of SHG		Date of Formation	
No of members		Membership of potential borrower in the SHGs (In mths)	

3. Details of loans taken by SHG

Month & Year	Bank& Branch	Loan Amount	Loan Amount Outstanding (as on date)	Remarks

4. Details of loans taken by SHG member from SHG (max last 3 years)

Month & Year	Loan Amount	Purpose	Loan Amount Outstanding (as on date)	Repayment %	Remarks
Total					

5. Details of Current loans taken by member from other Sources

Individual Loans from Banks/ Cooperatives	
MFIs	
Relatives/ Friends	
Money Lenders	
Total	

6. MUDRA Loan Request from Member

Loan amount requested			
Nature of Proposed Enterprise	<table border="1"><tr><td>Existing</td><td>New</td></tr></table>	Existing	New
Existing	New		
Name of the enterprise (If any)			
Period of existence			
Estimated Income from the Existing enterprise (Rs/ month)			

Signature of Office bearers of SHG

Signature of SHG member

Signature of animator/ CRP

Profile of enterprise proposed for financing under MUDRA**1. Details of proposed enterprise**

Name of Proposed Enterprise		Existing	New
Period of existence			
Location of enterprise			
Enterprise owned & managed by	SHG member herself	Spouse/other family members	
Nature of enterprise	Seasonal	perennial	

2. Financials of the enterprise**A. Financial Statement (As on)**

Liabilities			Assets		
Items	This year	Last year	Items	This year	Last year
Capital			Cash		
Loans			Fixed Assets		
Creditors			Stocks		
Others			Debtors		
			Others		

B. Item wise salesfor last two years

Items	This year	Last year
Total		

C. Existing monthly income:

3. Details of Credit Requirement

Item	Value	Remarks
Total credit requirements		

4. Already existing enterprises of the same nature in the area

5. Potential of the enterprise in the area

6. Overall recommendation of surveyor

Signature of surveyor

**State wise target for linking eligible SHG members under MUDRA
(FY 2019-20)**

Sl.No	State	No.of Mudra Loan Target
1	ANDHRA PRADESH	197900
2	ARUNACHAL PRADESH	200
3	ASSAM	11900
4	BIHAR	118600
5	CHATTISGARH	14400
6	GOA	300
7	GUJARAT	9500
8	HARYANA	3300
9	HIMACHAL PRADESH	2200
10	JAMMU & KASHMIR	2600
11	JHARKHAND	18500
12	KARNATAKA	132100
13	KERALA	40900
14	MADHYA PRADESH	12800
15	MAHARASHTRA	44000
16	MANIPUR	300
17	MEGHALAYA	600
18	MIZORAM	500
19	NAGALAND	1300
20	ODISHA	68000
21	PUDUCHERRY	1800
22	PUNJAB	1300
23	RAJASTHAN	14100
24	SIKKIM	300
25	TAMIL NADU	76000
26	TELANGANA	107100
27	TRIPURA	3200
28	UTTARAKHAND	1400
29	UTTAR PRADESH	23100
30	WEST BENGAL	124800
	Total	1033000