

**Account Number :**



भारतीय स्टेट बैंक

## **STATE BANK OF INDIA**

STATE BANK OF INDIA  
RCPC, TUMKUR-572 101 LINK BRANCH  
KUNIGAL (11268) - 572-130

**Application to be submitted by**

**SHG to Bank branch while applying for loan assistance**

Name of the Self-Help Group : .....

**Address** .....

Formed / Established on : \_\_\_\_\_

Registered : YES / NO

If registered,  
give number & date & furnish true  
copy of the Certificate of Registration : .....

**Number of Members in the Group** : .....

Name of SHPI / NGO / VA assisting the Group, if any : .....

Loan Linkage No. : .....

To,

The Branch Manager

**STATE BANK OF INDIA**

RCPC, TUMKUR-572 101 LINK BRANCH  
KUNIGAL (11268) -572 130

Place : .....

Date : .....

Dear Sir,

**APPLICATION FOR LOAN**

We the duly authorised representatives of the above SHG hereby apply for a loan aggregating

Rs. .... (Rupees .....

..... only) for on-lending to our members.

The financial particulars of the group as on ..... are given in the  
(date) enclosed sheet.

**2. REPAYMENT SCHEDULE :**

We agree to repay the loan amount as per the repayment schedule which may be fixed by the Bank.

3. A copy of the Inter-se Agreement executed by all the members of the group authorising us inter alia to borrow on behalf of the SHG is enclosed.
4. We hereby declare that the particulars given above are true and correct to the best of our knowledge and belief.
5. We hereby authorise the Bank to disclose all or any particulars or details or information relating to our loan accounts with the Bank, to any other financial institution including NABARD, Government or any agency as may be considered necessary or desirable by the Bank. It will be in order for the Bank to disqualify the SHG from receiving any credit facilities from the Bank and / or recall the entire loan amount or any part thereof granted on this application, if any of the information pertaining to the Group, furnished herewith is found incorrect and / or containing misrepresentation of facts.

No.	Particulars	Amount in Rs.
1.	Savings from ..... Members x Rs.....	: .....
2.	Seed Money from SHPI (NGO/VA), if any	: .....
3.	Borrowings Outstanding (Please specify source)	: .....
4.	Loans outstanding against members	: .....
5.	Amount in default, if any, against members	: .....
6.	Recovery percentage	: .....
7.	Cash / Bank balance Account Number .....	: .....

Yours faithfully

Name .....

Name .....

(Authorised representatives)

**RECOMMENDED FOR SANCTION**

**SANCTIONED Rs.....**



State Bank of India  
RCPC, TUMKUR-572 101 LINK BRANCH  
KUNIGAL (11268) Branch 130

To

(Name of SHG )

### **ARRANGEMENT LETTER**

(Term Loan / Cash Credit to Self Help Groups)

Dear Sir / Madam,

#### **Term Loan / Cash Credit to SHG-**

With reference to your application dated \_\_\_\_\_ requesting for grant of a Term Loan / Cash Credit of Rs.\_\_\_\_\_ (Rupees \_\_\_\_\_) for financing to members of your SHGs, we are pleased to inform you that a Term Loan / Cash Credit of Rs.\_\_\_\_\_ (Rupees \_\_\_\_\_) has been sanctioned to you on the following terms and conditions:

1. Term Loan / Cash Credit has been granted by the Bank to you for on-lending to the members of your group.

2. Security: The loan will be secured by:

(i) Primary security (give brief particulars of security)

(ii) Collateral (give brief particulars of collateral security, if any)

(iii) Third party guarantee, if any (furnish the name of the guarantors)

3. Interest:

Interest will be charged at the rate of \_\_\_\_\_ below / above SBAR (SBAR \_\_\_\_ % w.e.f. \_\_\_\_\_) with a minimum of \_\_\_\_\_ p.a. rising and falling with the change in SBAR on the amount outstanding in the account with monthly / quarterly / half-yearly rests.

4. Period of Advance & Repayment:

To be availed within a period of \_\_\_\_\_ months from the date of sanction. The term loan is repayable in \_\_\_\_\_ monthly / quarterly / half-yearly instalments of Rs.\_\_\_\_\_ each along with interest / the loan will be repayable on demand.

5. Enhanced interest:

The Bank shall be entitled to charge at its discretion, enhanced interest rates on the account either on the entire outstandings or on a portion thereof, for any irregularity including non-observance or non-compliance of the terms and conditions of the advances for such period as the Bank deems it necessary.

6. All legal expenses such as lawyer's fees, registration charges, etc., should be borne by you.
7. The Assets charged to the Bank should not be disposed of, sold or otherwise encumbered as long as the Bank loan remains unpaid.
8. The advances is also subject to the terms and conditions stipulated in the documents for the loan granted and also other conditions, if any, stipulated by the Bank from time to time. The rate of interest is subject to change from time to time.
9. The account shall be operated by the authorized person(s) of the SHG.
10. You will furnish verified statement in regard to utilization of the loan in such form and manner as may be specified by the bank and if so required by the Bank, have such statement verified by the auditors.
11. The group will maintain books of accounts sufficient to reflect group's true and correct financial position under supervision of the NGO \_\_\_\_\_
12. The Bank shall have a right to call up the loan on the happening of any event which, in the opinion of the Bank, is likely to jeopardize Bank's interest.
13. Security Documents:  
The following security documents shall be executed by you and the guarantors
  - a) Articles of agreement-for financing Self Help Groups
  - b) Inter-se agreement to be executed by the members of Self Help Groups.
  - c) Any other document as may be required by the bank.
14. On agreeing to above terms and conditions, the duplicate hereof may please be returned to us duly acknowledged by the authorised representatives of the SHG.

Yours faithfully,

Received the Original

Branch Manager

Authorised Representatives of SHG

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State Bank of India

RCPC, TUMKUR-572 101 LINK BRANCH  
KUNIGAL (11206) -572 130 Branch

To

(Name of SHG )

**ARRANGEMENT LETTER**

(Term Loan / Cash Credit to Self Help Groups)

Dear Sir / Madam,

**Term Loan / Cash Credit to SHG-**

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1. Term Loan / Cash Credit has been granted by the Bank to you for on-lending to the members of your group.

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(i) Primary security (give brief particulars of security)

(ii) Collateral (give brief particulars of collateral security, if any)

(iii) Third party guarantee, if any (furnish the name of the guarantors)

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9. The account shall be operated by the authorized person(s) of the SHG.
10. You will furnish verified statement in regard to utilization of the loan in such form and manner as may be specified by the bank and if so required by the Bank, have such statement verified by the auditors.
11. The group will maintain books of accounts sufficient to reflect group's true and correct financial position under supervision of the NGO.
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The following security documents shall be executed by you and the guarantors

- a) Articles of agreement-for financing Self Help Groups
- b) Inter-se agreement to be executed by the members of Self Help Groups.
- c) Any other document as may be required by the bank.

14. On agreeing to above terms and conditions, the duplicate hereof may please be returned to us duly acknowledged by the authorised representatives of the SHG.

Yours faithfully,

Received the Original

**Branch Manager**

**Authorised Representatives of SHG**

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ARTICLES OF AGREEMENT FOR FINANCING SELF-HELP GROUPS

The Articles of Agreement made on this ..... day of ..... 20.....

at..... by and

between

M/s. ....

(Name of SHG)

an unregistered association of persons / individuals having its office

at..... represented by its authorised representatives.

Smt. / Shri..... Representative - 1

(Name)

(Designation)

Smt. / Shri..... Representative - 2

(Name)

(Designation)

who are fully authorised by all the members of the SHG, (a copy of such Authorisation is annexed hereto and forms part of this agreement), hereinafter referred to as the "Borrower" which expression shall unless repugnant to the subject or context thereof, mean and include members of the unregistered association for the time being, their respective successors, legal heirs, administrators and assigns of the one part AND State Bank of India a body corporate constituted under State Bank of India Act. 1955, having its Central Office at Mumbai and one of the Local Head Office at Bangalore and the Branches, inter alia, one at ..... hereinafter called "the Bank" which expression shall unless repugnant to the subject or context thereof mean and include its successors and assignees of the second part.

Where as the Borrower is an unregistered association of persons who have inter - se agreed to help each other as self-help group with a view to developing and ameliorating the socio-economic conditions of their members.

Whereas having formed the association as a self help group, the Borrower as per application dated..... made by the said

Smt. /Shri..... Representative - 1

(Name)

(Designation)

Smt. /Shri..... Representative - 2

(Name)

(Designation)

July authorised to borrow in terms of its resolution dated ..... (copy enclosed),

requested the Bank to \*grant a loan / extend credit facility of \*Rs. .... /

upto the limit of Rs. .... (Rupees ....)

.....only) for on-lending to its members.

And whereas the Bank has agreed to grant the \*loan / extend credit facility to the Borrower on certain terms and conditions.

And whereas the Bank and the Borrower are desirous of reducing the agreed terms into writing.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH AS FOLLOWS :

1. The Bank has agreed to grant and the Borrower has agreed to borrow by way of term loan / cash credit (clean) upto the limit Rs. ....  
(Rupees.....only)  
and the Bank has opened..... (Specify the kind of loan account)  
Account No..... of date ..... in the name of the Borrower in its book of accounts.
2. In case the facility availed is cash credit the Borrower will operate the cash credit account satisfactorily and within the limit and the Borrower shall repay the outstanding liability in the account inclusive of interest and other charges debited from time to time on demand without demur.
3. In case loan availed is demand Loan, without prejudice to the right of the Bank to recall the loan on demand the Borrower undertakes to repay the loan with interest and other charges within the period stipulated in terms of sanction.
4. In case the credit facility availed of by the Borrower is a term loan the same shall be repayable in instalments in the manner specified here below in the repayment schedule. (to be specified). Besides the Borrower will pay interest at the rates that may be prescribed for such lending by RBI / NABARD from time to time.
5. It is clearly understood by and between the parties hereto that in the event of the Borrower's failure to utilise the proceeds of the credit facility for the purpose for which the same has been made available by the Bank to Borrower, the Borrower shall repay immediately on demand without demur together with interest without prejudice to Bank's right to initiate other legal action.
6. The Borrower shall pay interest on the loans to be calculated on the daily balances in the loan account and be debited thereto at monthly\*/ quarterly rests or as the Bank may decide.
7. The Borrower should utilise the proceeds of the credit facility for the purpose of lending to its members to improve the socio-economic conditions of their members and their families.
8. The Borrower shall repay the credit facility availed of together with interest payable as per the interest rates that may be fixed by RBI / NABARD from time to time for such lendings.
9. The Borrower shall be liable to repay the facility on demand together with interest and other charges payable by the Borrower to the Bank in accordance with the rules of the Bank.  
(\*Delete which is not appropriate)

**REPAYMENT SCHEDULE**

(Please specify)

In witness whereof the parties hereto have affixed their signature on the ..... date  
and the ..... month and ..... year first herein above written.

For STATE BANK OF INDIA

1) AUTHORISED REPRESENTATIVE

Branch Manager

2) AUTHORISED REPRESENTATIVE

**INTER-SE AGREEMENT TO BE EXECUTED**  
**BY THE MEMBERS OF THE SELF HELP GROUP (SHG)**

This Agreement Made on this ..... day of ..... month 20..... year  
 between

1. Smt. / Shri ..... Son / Wife of .....  
                                aged ..... years residing at .....
2. Smt. / Shri ..... Son / Wife of .....  
                                aged ..... years residing at .....
3. Smt. / Shri ..... Son / Wife of .....  
                                aged ..... years residing at .....
4. Smt. / Shri ..... Son / Wife of .....  
                                aged ..... years residing at .....
5. Smt. / Shri ..... Son / Wife of .....  
                                aged ..... years residing at .....
6. Smt. / Shri ..... Son / Wife of .....  
                                aged ..... years residing at .....
7. Smt. / Shri ..... Son / Wife of .....  
                                aged ..... years residing at .....
8. Smt. / Shri ..... Son / Wife of .....  
                                aged ..... years residing at .....
9. Smt. / Shri ..... Son / Wife of .....  
                                aged ..... years residing at .....
10. Smt. / Shri ..... Son / Wife of .....  
                                aged ..... years residing at .....
11. Smt. / Shri ..... Son / Wife of .....  
                                aged ..... years residing at .....
12. Smt. / Shri ..... Son / Wife of .....

13. Smt. / Shri ..... Son / Wife of .....  
..... aged ..... years residing at .....
14. Smt. / Shri ..... Son / Wife of .....  
..... aged ..... years residing at .....
15. Smt. / Shri ..... Son / Wife of .....  
..... aged ..... years residing at .....
16. Smt. / Shri ..... Son / Wife of .....  
..... aged ..... years residing at .....
17. Smt. / Shri ..... Son / Wife of .....  
..... aged ..... years residing at .....
18. Smt. / Shri ..... Son / Wife of .....  
..... aged ..... years residing at .....
19. Smt. / Shri ..... Son / Wife of .....  
..... aged ..... years residing at .....
20. Smt. / Shri ..... Son / Wife of .....  
..... aged ..... years residing at .....

Who are members of the .....  
(Name of the SHG to be mentioned)

group, hereinafter referred to collectively as "the Self-Help Group" (SHG) members which expression shall, unless repugnant to the context or meaning, include every member of the said SHG and their respective legal heirs, executors and administrators.

WHEREAS all the SHG members above named have joined voluntarily together and formed the SHG with intent to carry on savings and credit and other economic activities for mutual benefit subject to the terms and conditions hereinafter appearing.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT

1. Each member of the SHG shall save a sum of Rs. ....  
(Rupees .....only)  
or such sum as may be decided by the Group, on weekly / fortnightly / monthly basis  
which shall be deposited with the authorised member of the group.
2. Each member shall strive for the success of the SHG and shall not act in any manner  
detrimental to the business interests of the SHG.
3. The SHG members shall be jointly & severally liable for all the debts contracted by the SHG.
4. All assets and goods acquired by the SHG shall be in the joint ownership of  
all the members of the SHG and shall ordinarily be in the constructive  
custody of such members as may be authorised by the Group and shall be kept at the  
place of business at .....  
which shall not be changed without consent of the SHG members.
5. The SHG members hereby duly elect and appoint -  
Smt. / Shri ..... as Representative - 1  
  
Smt. / Shri ..... as Representative - 2  
(by whatever name designated), hereinafter called "Authorised representatives"  
of ..... (Name of the SHG)  
to look after and manage the day to day affairs of the SHG's activities and also act in  
their name and on their behalf in all matters relating thereto. The authorised  
representatives may, however, be removed at any time by majority vote of the members  
and new representatives elected.
6. Each of the SHG members hereby agrees to abide by and ratify all such acts, deeds  
and things as the authorised representatives may do in the interest of the said activities.
7. The authorised representatives shall take decisions in the day to day working of the  
SHG and each representatives shall actively involve herself or himself and co-operate in  
looking after the day-to-day affairs of the SHG activities in particular to attend to the  
following activities. Every member of the SHG hereby authorises the representatives to  
apply for the loan on behalf of the SHG and execute necessary agreements / documents  
on behalf of the SHG, on the terms and conditions as may be asked upon by the said  
authorised representatives, for the purpose. The said authorised representatives are also  
authorised to execute all types of undertakings and create securities on the assets of the  
SHG. The authorised representatives may collect loan amounts from the Bank on behalf  
of SHG, deposit the same in the savings account of the SHG for on-lending to members,  
in accordance with the decision of the SHG and also deposit recovery of loan instalment  
from members in the loan account/s of SHG with the Bank.
8. The SHG members specifically authorise the representatives :
  - (i) The open Savings, Fixed Deposits and other accounts in State Bank of India, a Bank  
approved by the SHG and operate the same under the joint signature of any two of  
the following authorised representatives -  
Smt. / Shri ..... as Representative - 1  
Smt. / Shri ..... as Representative - 2
  - (ii) To keep or cause to be kept proper books of accounts of the savings, made by  
the SHG members, loans granted to them and the recoveries made from them and  
render every year the full accounts to the SHG members for their approval and

- (iii) To receive all payments due to the SHG and issue requisite receipts acknowledgements for and on behalf of the SHG.
- (iv) To institute and defend on behalf of the SHG members any legal proceedings and safeguard the interests of each member of the said SHG and for this purpose engage or disengage any lawyer or advocate or agent and incur the necessary legal expenses in connection therewith.
9. In the event of death of any of the members of the SHG, his / her legal heirs shall be entitled for the benefits and be liable for the obligations of the deceased member under this agreement.
10. It is agreed that no new person shall be inducted as a member of the SHG without consent of all the existing members.

IN WITNESS WHEREOF the aforesaid members of the SHG have set their respective hands hereunto at the place ..... and on ..... day of ..... month ..... year first herein appearing.

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①	Name of member of SHG	Signature / Thumb impression
②	Name of member of SHG	Signature / Thumb impression
③	Name of member of SHG	Signature / Thumb impression
④	Name of member of SHG	Signature / Thumb impression
⑤	Name of member of SHG	Signature / Thumb impression
⑥	Name of member of SHG	Signature / Thumb impression

⑦	Name of member of SHG	Signature / Thumb impression
⑧	Name of member of SHG	Signature / Thumb impression
⑨	Name of member of SHG	Signature / Thumb impression
⑩①	Name of member of SHG	Signature / Thumb impression
⑩②	Name of member of SHG	Signature / Thumb impression
⑩③	Name of member of SHG	Signature / Thumb impression
⑩④	Name of member of SHG	Signature / Thumb impression
⑩⑤	Name of member of SHG	Signature / Thumb impression

①⑥

Name of member of SHG

Signature / Thumb impression

①⑦

Name of member of SHG

Signature / Thumb impression

①⑧

Name of member of SHG

Signature / Thumb impression

①⑨

Name of member of SHG

Signature / Thumb impression

②⑩

Name of member of SHG

Signature / Thumb impression

### WITNESSES :

①

Name

Signature / Thumb impression

②

Name

Signature / Thumb impression

**CHECKLIST FOR  
MEASURING THE MATURITY OF SHG**

Sl. No.	Rating Parameter	Yes / No	Remarks
01	Is the group more than three months/six months old ?	Yes / No	
02	Does the SHG meet every week ?	Yes / No	
03	Whether attendance in the group meetings is more than 90 ?	Yes / No	
04	Whether the attendance / minutes book is written in detail ?	Yes / No	
05	Whether all the members of the SHG participate in group discussions ?	Yes / No	
06	Whether all the members save every week ?	Yes / No	
07	Whether the savings and loan recovery are collected in group meetings ?	Yes / No	
08	Whether the SHG is functioning on democratic lines and decisions are transparent ?	Yes / No	
09	Whether sanction and disbursements of loans are done in group meetings after discussions and based on group decisions ?	Yes / No	
10	Whether the SHG charges uniform interest rate on loans irrespective of source of funds ?	Yes / No	
11	Whether the SHG has utilised more than 80% of the savings for loaning ?	Yes / No	
12	Whether defaults in the loan accounts are less than 10% of total No. of loans ?	Yes / No	
13	Whether all the books of accounts are written properly and upto date ?	Yes / No	
14	Whether the SHG has formed its own bye-laws and the contents are known to all members ?	Yes / No	

**HOW TO RATE THE SHG ?**

If answers to all or most of the above ones is YES the SHG can be considered a matured group. The questions responded with answer No are the areas the group needs to improve.

**CRITERIA FOR SELF HELP GROUP GRADING**

Sr. No	Criteria	Grade A Score-3	Grade B Score -2	Grade C Score-1	Verifiable
1.	Regular meeting	Monthly 4	Monthly 2	Monthly 1	Resolution book
2.	Regular attendance	Above 90%	80% to 90%	Below 60%	Attendance register
3.	a) Regular saving	By all members (100%)	80% to 90%	Below 80%	Savings register
4.	Rotation of capital	1-2.5 times a year on an average	More than once a year	Less than once a year	Loan Ledger
5.	Loan recovery	Above 90% as per due date	70% to 90%	Below 70%	Verify individual loan A/c. whether repayments are made as per schedules
6.	Literacy	All are able to sign.	80% of members are able to sign.	Less than 80% members can sign.	Signature in minutes book
7.	Books of account	Accurately maintained and up to date	Accurately maintained but not upto date	Not accurate and not upto date	Verify wheter all books are maintained and updated regularly.
8.	Change of representatives	Once in a year	Once in 2 year	Not changed at all	Check the Bank signatories
9.	Participation in discussion and decision making	All members participate	About 50% of members participate	Few members only participate	Attend more than one SHG meeting and observe
10.	Audit	Once in 6 months	Once in a year	Once two years	Audit report
11.	Utilisation of Loans	Fully utilised	Satisfactory	Unsatisfactory	Check assets created at random
12.	Cash in hand	Immediately remitted in the Bank	Remitted after a week	Cash in hand continues. Not remitted in the Bank	Cash book & Bank Challan Book
13.	Writing of books	2 members able to write	One member to write	None able to write	Verify books
14.	Rules & Regulations	Written in minutes book and reviewed quarterly	Written in minutes book	Not written	Resolution book

**Scoring :**

A - Good - 32-42

B - Moderate - 21-31

C - Poor - 0-20