



Anandadhara-State Office

West Bengal State Rural Livelihoods Mission (WBSRLM)

(A Society under the Panchayats & Rural Devmt Dept, Govt of West Bengal)

Jessop Building, 63, Netaji Subhash Road, Kolkata – 700 001

Phones Office: 033-2231-4495, 033-2243-2243; Fax :– 033-2231-4907; Email: wbsrlm@gmail.com

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From: Shri Abhinav Chandra, IAS

State Mission Director cum Chief Executive Officer,
West Bengal State Rural Livelihoods Mission (WBSRLM)

To:

- (1) The Principal Secretary, GTA
- (2-19) The District Magistrate cum District Mission Director,
Bankura/ Birbhum / Burdwan / Coochbehar / Dakshin Dinajpur/ Darjeeling/ Howrah/
Hooghly/ Jalpaiguri/ Malda/ Murshidabad/ Nadia/ North 24 Parganas/ Paschim Medinipur /
Purba Medinipur / Purulia / South 24 Parganas / Uttar Dinajpur
- (20-38)The Additional District Mission Director cum Project Director, DRDC
Bankura/ Birbhum/ Burdwan/ Coochbehar / Dakshin Dinajpur/ Howrah/ Hooghly/ Jalpaiguri/
Malda/ Murshidabad/ Nadia/ North 24 Parganas/ Paschim Medinipur/ Purba Medinipur/
Purulia / South 24 Parganas/ Uttar Dinajpur ZP / Siliguri MP / GTA.

Sub: Guidelines for providing 'Revolving Fund (RF) to SHGs in non-Intensive Blocks under NRLM

Sir / Madam,

You are aware that Revolving Fund (RF) is an important component of financial assistance that is provided as support to the SHGs under NRLM for augmentation of their financial resources so as to enable them to provide credit to their members through inter-loaning system. This inter-loaning of the RF is for the SHGs to meet the 'felt' (production and consumption) needs of members.

To dispense any confusion, the Revolving Fund would be applicable for the non-intensive blocks whereas the Pragati Fund would be applicable for the SHGs in the 32 Intensive Blocks of the 8 Intensive Districts under the World Bank assisted NRP only. Any SHG that comes into existence starts with savings of the members becoming a consolidated corpus for the SHG. The savings' corpus is inter-lent amongst members to meet their needs from time to time. As the age of the SHG and the functional regularity increases, there is a growing ownership of this corpus by the SHG. The SHG starts having a Book Keeper and regular Books of Accounts that manages this corpus. To accelerate and bolster this process of interlending, the NRLM provides the Revolving Fund as a mechanism for the SHGs to develop. However, before such a RF is given, the maturity and the regularity of interlending etc., must be ascertained.

A policy guideline on the process of providing RF to SHGs in the **non-Intensive Blocks** under NRLM is furnished below for information and taking necessary action in this regard:-

1. Purpose of RF:

RF will be provided to the eligible SHGs in non-Intensive Blocks under NRLM as support fund to –

- i. Enhance their corpus for providing credit to meet consumption and initial production needs of the SHG members.
- ii. Build institutional capacities of SHGs especially in managing fund and internal lending.

2. Eligibility conditions for SHG to receive RF

- i. The SHG must be NRLM compliant (i.e must be an SHG of Women having members from the Poor households). Priority should be given to the Poorest of the Poor Household.
- ii. SHGs should have been formed and Bank Accounts have been opened at least three months ago.
- iii. SHG should be practicing '*Panchasutra*' i.e. Regular meetings; Regular savings; Regular inter-loaning; Timely repayment; and Up-to-date books of accounts;
- iv. SHG Should have obtained at least 60 % marks in the assessment done in the prescribed Format (*Annexure-III*) by the Assessment Team consisting of representative of UPA-SANGHA, SANGHA & BMMU / Block. The performance of the SHG during the period of last 3 months will be appraised in the assessment.
- v. SHGs which have already received RF of Rs. 15,000/- or more under SGSY / NRLM will not be eligible for receiving further RF. SHGs which have received RF amounting less than Rs. 15,000/- will be eligible to get further RF amounting the difference between Rs.15,000/- and the amount of RF already received. Priority should be given to Grade I SHGs who have not received any RF till date.

3. Amount of RF: Up to Rs. 15,000/- or the difference between Rs.15,000/- and the amount of RF already received, if any.

4. Procedure to be followed for release of RF:

- i. The SHGs will apply to the DMMU through Upa-Sangha, in the prescribed format (*Annexure-I*), supported by a resolution (*Annexure-II*) for sanction of RF.
- ii. The Upa-Sangha will initially verify the details of the SHG as mentioned in the application and forward it to the Sangha.
- iii. The Sangha will facilitate the process of submission of such applications by the SHGs with the help of Upa-Sangha and monitor the progress in this regard regularly.
- iv. The Sangha in their EC meeting will examine all such applications forwarded by the Upa-Sanghas considering the eligibility criteria mentioned above and prepare a list of the SHGs eligible for RF and send the list along with applications to Block / BMMU.
- v. Sanghas will have to dispose of all the applications for RF within 15 working days from the date of receipt of such applications. Block / BMMU will regularly monitor this.
- vi. On receipt of the list of the SHGs eligible for RF along-with their applications from the Sangha, the Block / BMMU will make an assessment of these applications as per the format (*Annexure -III*).
- vii. a) In case there no Upa-Sangha is formed in the concerned area, the SHG will directly apply through Sangha.
b) In case no Sangha has so far been formed but the Upa-Sangha is existent then the said Upa-Sangha will examine and forward the application to the Block / BMMU
c) In case neither an Upa-Sangha nor Sangha has been formed, the Block / BMMU will arrange for receiving the application and assessment of the same.
- viii. Block / BMMU will send the list of SHGs who have passed the assessment apropos Annexure-III, to the DMMU with a recommendation for fund transfer for RF to the eligible SHGs.
- ix. The DMMU, on receipt of such recommendation from the BMMU / Block, will transfer the required amount of fund to the Savings Accounts of the respective eligible SHGs by NEFT/RTGS/e-Transfer through Bank.
- x. Sangha will ensure that no eligible SHG is left out to receive RF.

5. Rules & procedures for providing loan to members by SHG from RF:

A. Purposes of loan: - Loans to members may be given for livelihood / productive activities and also consumption/ urgent domestic purposes, but emphasis should be given for disbursement of loan mostly for livelihoods / productive activities.

B. Eligibility criteria to be fulfilled by the members for taking loans: - To become eligible for taking loans the members must have –

- Regularity in attendance in group meetings,
- Regularity in savings,
- Regularity in repayment of previous loan, if any, taken from the SHG
- Experience / skill in the productive activity proposed to be undertaken with the proposed loan.

C. Amount of Loan to be sanctioned :- The amount of loan to be sanctioned to a member will be decided on consideration of the followings –

- The actual amount required for the proposed purpose
- Amount to be contributed by the member
- Repaying capacity of the member
- Amount of lendable fund of the SHG

D. Rate of Interest: - To be decided by the SHG in its meeting, but this should not be more than 24% on annual basis

E. Repayment Terms:- Initially members will be given short term loans (for a period less than 12 months) repayable at monthly interval after efficient use of the available resources through quick recovery and interlending.

F. Procedure for submission of loan application by members:- The members will verbally/in writing place their demand for loans in the group meeting.

G. Procedure for sanction of loans: - Based on the criteria above, the SHG, in its meeting, will take decision for sanction / rejection of loan demand / application of the members. Details of such sanction / rejection will have to be recorded in the resolution book of the SHG. The SHG will prioritize the members and amount of loan to be given from Savings and Revolving Fund.

H. Procedure for disbursement of loans:- Loan will be disbursed to the members according to the priority list in the meeting of the SHG.

I. Measures for follow-up & recovery of loans:-

- The members should utilize the loans for the purpose for which the loan is sanctioned and will have to repay the loan installments as per the repayment schedule fixed by the SHG, in the meeting of the SHG.
- The SHG will monitor & review repayment position of loan of every member in each meeting of the SHG.

Enclosure:- Annexure:- I to III

Yours faithfully,



(A.Chandra)
Mission Director & Chief Executive Officer



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Annexure-I

PART A

Application for sanction of RF under NRLM.

To

The Additional District Mission Director, _____ District
(Through The Secretary,

Upasangha / Sangha)

Sir / Madam,

We would request you to please sanction Revolving Fund of Rupees only under NRLM.

Details of our SHG are as below:-

1. Name _____
2. Bank Details: a) Bank Name _____, b) Branch Name _____
c) S/B A/c No _____ d) IFS Code _____
3. Date of Formation _____
4. Date of SB A/c opening _____
5. No of members _____
6. Rate of Monthly Savings for each member _____
7. Name & Phone no of Group Leaders:-
 - a) President _____
 - b) Secretary _____
 - c) Treasurer _____
8. Performance Details for the period from _____ to _____ (for last 3-12 months as the case maybe according to the age of the SHG):-
 - a) No of meetings required to be held during this period, as per rule of the SHG: _____
 - b) No of meetings actually held during this period: _____
 - c) Total amount of Savings collected from members during this period: Rs. _____
 - d) Details of lending to members: - (i) No of Members: ____ (ii) Amount: Rs _____
 - e) Total amount of loan due to be recovered during this period: Rs. _____
 - f) Total amount of loan actually recovered during this period: Rs. _____
 - g) Name of Books & Registers maintained up-to-date :

h) Details of RF received, if any: i) Date _____ ii) Amount: Rs _____
i) Details of Capital Subsidy received, if any : i) date _____ ii) Amount: Rs _____

j) Other financial assistance received, if any :
1) Source: _____ Rs. _____

Extract of relevant resolution in this regard, taken by our SHG, is enclosed.

Yours faithfully,

Signature of Secretary of the SHG with Seal
Name:- _____
Designation:- _____
Date:- _____

Signature of President of the SHG with Seal
Name:- _____
Designation:- _____
Date:- _____

PART B
(for use by Upasangha/Sangha/Block or BMMU/

I] Forwarding by UPA-SANGHA

Details of the SHG as mentioned in the application have been verified and found to be correct. Recommended for RF amounting to Rs...../ The application is not recommended due to the following reasons:

Forwarded to theSangha for consideration.

Signature of the Secretary of Upasangha

Name

Date

Seal

II] Forwarding of SANGHA :

Above details have been verified (Application attached)

The Application is **recommended for sanction of RF of Rs. / Not Recommended** for the reason as follows:

Forwarded to the Block / BMMU for consideration

.....
Signature of Secretary of SANGHA with Seal

Name:-

Date:-

Seal

III] Recommendation of Block / BMMU:

Checked, Verified & Recommended for release of RF of Rs.
reason given below:-

/ NOT recommended for the

.....
Signature of Block Project Manager/ Nodal Officer
Date:

.....
Signature of Block Mission Director & BDO
Date.....

IV] Sanction of RF by DMMU:

Sanctioned RF of Rs. / Not sanctioned, as recommended byBMMU / Block
This has approval of the District Mission Director.

.....
Signature of Additional District Mission Director
Date.....



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Annexure-II

Extract of resolution passed in the meeting of SHG for applying for RF:

Date of Meeting:-

"It Is decided unanimously that an application be submitted to the Additional District Mission Director,District, through the SecretarySangha for sanction of an amount of Rs. as RF grant under NRLM for enhancement of the corpus of our SHG for lending to the members to meet their consumption and production needs. We hereby authorize Smtthe Secretary and Smt....., the President of our SHG to apply on behalf of our SHG for sanction of the RF."

.....
Signature of President of the SHG with Seal

Name:-

Designation:-

Date:-

Certified to be a true copy



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Annexure-III

Format of Assessment of readiness of the SHG for receiving RF

1. Name of the SHG:
2. Village :
3. GP:
4. Block:
5. District:
6. Date of formation:
7. Date of opening of SB A/c:
8. Period for which the assessment is made: from -----to ----- (in last 3 months)

S. N	Evaluation Indicators	Maximum Marks	Formula / Criteria for allocation of Marks		Obtain ed Marks
1	Regularity of Meetings	20	$\frac{(\text{Total no. of meetings actually held during the period}) \times 20}{(\text{No of meetings required to be held during the period as per rule of the SHG})}$		
2	Regularity of Savings	20	$\frac{(\text{Amount of savings actually collected during the period}) \times 20}{(\text{Amount of savings required to be collected during the period})}$		
3	Lending to members	20	$\frac{\text{Total amount of loan disbursed during the period) } \times 20}{(\text{Average corpus during the period})}$		
4	Recovery of loan from members	20	$\frac{(\text{Amount of loan actually recovered during the period}) \times 20}{(\text{Amount of loan required to be recovered during the period})}$		
5	Writing of Books (Meeting Book, Cash Book, Savings Ledger, Loan Ledger, Individual Pass Books)	20	All Books are maintained and are up to date	20	
			All Books are maintained but a few are not up to date	15	
			All Books are maintained but most are not up to date	10	
			A few Books are not maintained	5	
			Most of the Books are not maintained	0	
	Total Marks	100	Pass Marks	60	Marks Obtained

Remarks: The SHG has passed / not passed* the Assessment (*Strike out which is not applicable)

Particulars of the Assessment Team:-

S.N	Name	Designation	Organization	Signature

Date of Assessment:-