

- 6.4 **Collateral on Bank Loan:** No collateral required. As per [RBI Circular RPCD.SME&NFS.BC.No.79/06.02.31/2009-10 dated May 6, 2010](#) banks are mandated not to accept collateral security in the case of loans up to ₹ 10 lakhs extended to units in the MSE sector. Therefore, only the assets created would be hypothecated/ mortgaged/ pledged to banks for advancing loans. The banks may approach Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) setup by Small Industries Development Bank (SIDBI) and Government of India for the purpose of availing guarantee cover for SEP loans as per the eligibility of the activity for guarantee cover.
- 6.5 **Repayment:** Repayment schedule ranges from 5 to 7 Years after initial moratorium of 6-18 months as per norms of the banks.
- 6.6 **Margin Money:** No margin money should be taken for loans up to ₹ 50,000 and for loans ranging from ₹ 50,000 - ₹ 10 lakhs, preferably 5% should be taken as margin money and it should in no case be more than 10% of the Project cost.
- 6.7 **Type of Loan Facility:** Bank may extend finance to individuals for capital expenditure in the form of Term Loan and Working Capital loans through Cash Credit. Banks may also extend Composite Loans consisting of Capital Expenditure and Working Capital components, depending upon individual's requirement.

7. Sub-Component 4.2 - Group Enterprises (SEP-G) -Loan & Subsidy

A Self Help Group (SHG) or members of an SHG constituted under DAY-NULM or a group of urban poor for self-employment can avail benefit of subsidized loans under this component from any bank. The norms/ specifications for group micro-enterprise loans are as follows:

- 7.1 **Eligibility Criteria:** The group should have minimum 5 members with a minimum of 70% members from urban poor families. More than one person from the same family should not be included in the same group.
- 7.2 **Age:** All members of the group enterprise should have attained an age of 18 years at the time of applying for bank loan.
- 7.3 **Project Cost (PC):** The Maximum unit Project Cost for a group finance for enterprise is ₹ 10,00,000 (₹ Ten Lakhs).
- 7.4.1 **Type of Loan:** Loan can be extended either as a single loan to the group functioning as one borrowing unit or each member of the group can be provided individual loans based on mutual trust and collateral substitute among the group. The principles laid down in the RBI circular on "Budget