Guidelines for implementation of Micro Financing Scheme of NMDFC

NATIONAL MINORITIES DEVELOPMENT & FINANCE CORPORATION
(A Govt. of India Undertaking)
INTRODUCTION

National Minorities Development and Finance Corporation (NMDFC) under the aegis of Ministry of Minorities Affairs, Government of India is working to promote economic development of the notified minorities. “Minorities” means those communities that are notified as such by the Central Govt. under the National Minorities Commission Act, 1992 viz. Muslims, Christians, Sikhs, Buddhists and Parsis.

The Corporation is a Public Sector Undertaking, incorporated on 30th Sept., 1994 under Section 25 of the Companies Act, as a Company not for profit. The main objective of NMDFC is to promote economic and developmental activities for the benefit of “Backward Section” amongst the minorities, preference being given to the occupational groups and women.

The target groups for NMDFC with regard to direct benefit are the persons belonging to Minority Communities and having annual family income of upto Rs. 81,000 in rural areas and Rs.1,03,000 in urban areas.

AIMS AND MAIN OBJECTIVES OF NMDFC

As per the Memorandum of Association and Articles of Association, the following are the main objectives of the corporation:-

- To promote economic and developmental activities for the benefit of “Backward Sections” amongst the minorities, preference being given to the occupational groups and women.

- To assist, subject to such income and/or economic criteria as may be prescribed by the Government from time to time, individuals or groups of individuals belonging to the minorities by way of loans and advances for economically and financially viable schemes and projects;
under micro financing scheme, group of individuals belonging to the minorities will include such groups in which predominantly (75% and above) members belong to minority community, in very exceptional cases this may include those group also where up to 60% members belong to minority community provided other members belong to weaker sections including scheduled castes/ scheduled tribes, other backward classes and disabled.

- To promote self-employment and other ventures for the benefits of minorities.
- To grant loans and advances at such rates of interest as may be determined from time to time in accordance with the guidelines or schemes prescribed by the Central Government or by the Reserve Bank of India.
- To extend loans and advances to the eligible members belonging to the minorities for pursuing general/professional/technical education or training at graduate and higher levels.
- To assist in the up-gradation of technical and entrepreneurial skills of minorities for proper and efficient management of production units.
- To assist the Central & State/UT level organisations dealing with the development of the minorities by way of providing financial assistance or equity contribution and in obtaining commercial funding or by way of refinancing.
- To work as an apex institution for coordinating and monitoring the work of all corporations/boards/other bodies set up by the State Government/Union Territory Administrations for, or given the responsibility of assisting the minorities for their economic development.
- To help in furthering the Government policies and programs for the development of minorities.
CHANNELS TO REACH THE TARGET GROUPS

NMDFC follows two channels to reach the target groups:

I. STATE CHANNELISING AGENCIES (SCAs)

State Channelising Agencies (SCAs) are nominated by the respective State Governments / UT Administration for implementing the programs of NMDFC in the respective States / UTs. At present, NMDFC has 37 State Channelising Agencies spread all over the country.

II. NON GOVERNMENTAL ORGANISATIONS (NGOs)

The services of selected Non Governmental Organisations (NGOs) are availed for reaching the Self Help Groups (SHGs) / Beneficiaries. Such an NGO should be more than three years old, apolitical, financially sound, engaged in socio economic activities with minimum six months of experience in administering thrift and credit.

Following channels are available to the beneficiaries/SHGs/NGOs:

(i) Individual beneficiaries
(ii) SHGs
(iii) NGOs
(iv) NGOs
MICRO CREDIT SCHEME

1. PURPOSE OF LOAN

The loan is to provide financial assistance to weaker sections of the minorities for starting or augmenting any income generating activities. Income generating activities means any gainful legitimate business activity which when undertaken leads to income generation. Application form for availing Micro Credit Scheme is given at Annexure-I (page 13). However, the detailed scheme along with all the enclosures are available on the website of NMDFC www.nmdfc.org. The illustrative list of income generating activities is as given below:-

I. Small business/Trade viz. General store, Tea stall, Dhaba, Meat shop, Fish vending, Pan shop, Vegetable and Fruit selling, Vending of readymade garment and cut piece cloth, Carpentry, Cycle repairing, etc.

II. Tiny/cottage industry or service activity viz. Candle making, Papad and Vadi making, Wet grinder, Bakery, Processing of dry fish, Shoe shop, Motor rewinding, Puncture shop, etc.

III. Artisan activities viz. Block printing, Lac bangle making, Jute bag making, Weaving, Zari-zardosi work, Kantha work, Appliqué work, etc.

IV. Agricultural and allied activities viz. Poultry, Goat rearing, Sheep rearing, Duck rearing, Piggery, Dairy, etc.

2. QUANTUM OF LOAN

Under the scheme of Micro Credit, loan up to maximum limit of Rs.50,000/- per beneficiary [member of Self Help Groups (SHGs)] will be available. However, emphasis has to be to provide smaller loans repeatedly so that the beneficiary can avail the same and come above the poverty line.

3. ELIGIBILITY OF BENEFICIARY

a) The beneficiary must belong to minority community. “Minorities” means those communities that are notified as such by the Central Government under the National Minorities Commission Act, 1992.
b) The annual family income of the beneficiary should be upto Rs. 81,000/- p.a. for rural areas and Rs. 1,03,000/- p.a. for urban areas.

c) The borrowers already covered under any other scheme of financing sponsored by Central or State Government or Financing institutions and having outstanding loans against their names, shall not be eligible.

d) The borrower should preferably be a regular member of a Thrift and Credit Group [Self Help Group (SHG)]. Under micro financing scheme, groups of individuals belonging to the minorities will include such groups in which predominantly (75% and above) members belong to minority community. In very exceptional cases, this may also include those groups where up to 60% of the members belong to minority community, provided that the other members (i.e. up to 40%) belong to weaker sections including Scheduled Castes/Scheduled Tribes, Other Backward Classes and Disabled.

e) Preference will be given to women beneficiaries belonging to the notified minority community.

4. **ELIGIBILITY CRITERIA OF NGOs**

i) The applicant NGO should have been registered for at least three years and it should have good reputation / credibility of work in the area of its operation.

ii) The bye laws of the NGO should have an enabling clause to borrow funds for the purpose of providing loans to the poor.

iii) It should have broad based objectives, serving the social and economic needs of the weaker sections of the society. Preference will be given to organisations working for the welfare of minorities.

iv) It should have necessary flexibility, professional competence, basic financial management capability and organisational skills to implement lending programs. It must have outreach services in the operational areas.

v) Its office bearers should not be elected members of any political party.

vi) It should have a proper system of maintaining accounts. Accounts should have been audited for the last three years. There should not
have been any serious irregularities observed in the audit, and its accounts should be published.

vii) It should be running on sound lines and should not have incurred losses during the last three years.

viii) It should have experience of Thrift and Credit administration through Self Help Groups (SHGs) of at least six months and its recovery performance should be approximately 90%.

5. **Characteristics of good Self Help Groups**

It has been seen through experience that certain characteristics of Self Help Groups have emerged. Some of these characteristics are as follows:

i) **Regular Group meetings** – The group should meet as frequently as possible so that they are clear in their mind with regard to what has to be done and how they have to go about doing it. What are the interests of each of the group members and how they would like to avail the loan and make use of it for purchase of assets/working capital, which could help them to generate income.

ii) **Regular Attendance** – The members of the Self Help Groups should regularly attend these meetings and give their contribution and suggestions for the meeting. In case some of the members are not regularly coming that means they are losing interest and hence they should be encouraged to attend the meetings. These meetings should be held at a convenient time and place so that it does not interfere with their normal working.

iii) **Regular Savings** – Regular saving is one of the important criteria/ characteristics of a Self Help Group. The income being generated should be saved or ploughed back into the activity that they are doing e.g. if somebody is interested in opening a Tea stall, the income from the Tea stall should be used for personal improvement and a part of it should be kept to plough back into the business. This would improve regular savings.

iv) **Annual Rotation of leadership** – The members of the Self Help Groups should within themselves have a method of rotation of leadership. One person should not continuously keep taking the leadership so that others become only passive members. In order to see that all members take equal interest, the leadership of the group should be rotated within the group.
v) **High Internal rotation of group funds** – This is an important aspect of the functioning of a Self Help Group. The funds, which are generated within the group, should be rotated amongst the members in such a manner that those who are in need of funds, should get the same without much difficulty. The fund should be rotated as frequently as possible within the group so that the group has a feeling of oneness and they can help each other.

vi) **Good Repayment Rate** – The most important aspect of good repayment is that members should utilise the funds for the purpose for which they have taken the loan so that they can generate sufficient amount of income and from that income, they can repay back the loan taken by them. This also helps them to take repeated loans so that they can gradually take higher quantum loans and thereby improve their quality of life. Generally, repayment should be in the range of about 90%, which would be considered as a good repayment.

vii) **Properly maintained Records** – Though most of the Self Help Members may not be very educated yet, they should have basic knowledge for recording the minutes of the meetings in brief and some person in the group, who is more educated, should take the responsibility of maintaining the records.

viii) **Homogenous Members** – It is absolutely necessary that the members should be homogenous. There should be common characteristic amongst them and should be oriented towards development. If the members are homogenous in nature, the understanding within the group will be much better.

ix) **Membership between 15 - 20** – Generally, the group should have membership between 15-20 members in each Self Help Group. These members should have some common characteristics amongst themselves e.g. if there is a Self Help Group of Artisans who manufacture toys then they all would have common characteristics about making toys, getting raw material, the area of making etc. would be more or less common. They stay in the same area.

x) **Adherence to rules and regulations** - Generally, the members of the group should adhere to the unwritten code of conduct within themselves to see that they all participate in a homogenous manner.
xi) **High Member participation in activities** – It is very necessary that the members of the group should be actively participating in the activities of Self Help Group only then the Self Help Group will progress and improve. Passive members would not contribute for the improvement of the group.

xii) **Efficient Loan Processing** – The members of the group should have a set procedure for sanctioning of the loan. There should be transparency in the same and they should not show favoritism to some of the members. The members should not have doubts about each other.

xiii) **Basic Literacy Skills of Members** – Generally, the basic skills of the members would be more or less same in a particular group but some of the members would be more active and would be taking more interest to develop the skills that they already have. They should also get exposure with outside support to see that the skills that they have do not remain the same but are gradually improved so that the quality of the work that they do also improves along with income.

6. **FINANCING PATTERN**

The funds provided to NGOs will be utilised by observing in general, the following financing pattern:-

a) Funds from NMDFC : 90%

b) 10% contribution by NGO from its own resources or from beneficiaries by way of compulsory thrift.

7. **RATE OF INTEREST**

A. When directly implemented by NMDFC through NGOs:
   - Funds from NMDFC to NGO: 1% per annum
   - NGO to SHG/Beneficiary: 7% per annum

B. When implemented through SCAs
   - Funds from NMDFC to SCA: 1% per annum
   - SCA to NGO: 2% per annum
   - NGO to SHG/Beneficiary: 7% per annum

C. When implemented through SCA to SHG/Beneficiary: 7% per annum
8. **UTILISATION OF LOAN AND REFUND OF UNUTILISED LOAN**

i) The NGO to whom loan has been sanctioned can make the drawl of fund as per requirement within the credit limit sanctioned, which generally will be for one year.

ii) The first drawl will be made not later than one month from the date of sanction unless the limit is extended by NMDFC. If the lending operations do not commence within the time stipulated then, the NMDFC will be at liberty to cancel the sanction or vary any of the terms and conditions.

iii) The funds made available to any NGO are to be utilised within a period of one month from the date of release of funds by NMDFC. The NGO will be required to send monthly report on utilisation of funds in the prescribed format given at Annexure-II (page 20). The funds remaining un-utilised due to any reason, will be required to be refunded within a fortnight on expiry of the utilisation period indicated in the sanction letter. Any delay in refund of such amount will carry penal interest at the rate of 8% per annum.

9. **REPAYMENT OF THE LOAN**

i) NGOs whether dealing directly with NMDFC or with SCA's will repay the Principal amount of the loan along with the interest as applicable, over a period of three years after the moratorium of three months from the date of disbursement of funds. The same will be applicable to SHGs dealing directly with the SCAs.

ii) SCAs will make repayments to NMDFC over a period of four years from the date of utilization of the funds. The SCA's will repay the loan including interest, in quarterly equated installments.

iii) Terms and conditions of repayment of loan by the beneficiary to the NGO/SHGs will be determined by the NGO/SHG. This will depend upon the quantum of loan and the nature of the project the beneficiary has adopted. NMDFC gives a moratorium of 3 months to start the repayment. However, it would depend on the NGO/SHG to decide about the moratorium period in view the field reality. Further, repayment of the loan can be made either weekly, monthly, quarterly, etc. However, NMDFC would be recovering from the NGO on quarterly basis.
iv) The NGO will submit post dated cheques for the repayment of quarterly dues as indicated in the sanction letter. These post dated cheques will be kept by NMDFC/SCA only as a security and the NGO will keep on paying quarterly demands of repayments by way of Demand Drafts/RTGS/NEFT. On receipt of the Demand Draft from the NGO, the post dated cheque of the respective quarter will be returned along with an acknowledgement of the fund so received. Thus, the post dated cheques that have been obtained from the NGO will not be utilised by NMDFC/SCA in the normal course (i.e. when NGO promptly pays the demand in full). However, when the NGO commits a default and delays the repayment, NMDFC/SCA will exercise its option of encashing post dated cheques and take suitable action against the defaulting NGO, if the cheque bounces. The waiting period, before the cheque is sent for encashment, will ordinarily be of two continuous quarters.

10. SECURITY FOR LOAN

Due to high incidence of default by the NGOs, NMDFC has introduced the policy of obtaining concrete security on the loan being extended to the NGOs. The fund of NMDFC routed through the SCAs are otherwise secure as the same is released against 100% guarantee of the respective State Governments/UT administrations. This clause of obtaining concrete security from the NGOs, as well, has been included on the advice of the Statutory Auditors to secure funds of NMDFC.

The NGOs desirous of availing funds directly from NMDFC are required to furnish concrete security by way of Bank Guarantee or Pledging Fixed Deposits with NMDFC.

NMDFC would also obtain a confidential feedback from the Financial Institutions/Banks/Ministries/Departments from where the NGO has received financial assistance in the past. The application for loan will be considered only on receipt of positive feedback from all the funding agencies.

11. INSURANCE COVER

Adequate insurance cover may be obtained in respect of assets acquired by beneficiaries out of loans advanced by NMDFC.
12. BOOKS OF ACCOUNTS/INSPECTION

The NGO shall maintain separate books of accounts in respect of the funds provided by NMDFC. Annual audited accounts will be submitted within four months after close of the accounting year of the NGO with the statement of lending and recoveries during the year. Any other information required will also have to be submitted as and when requested.

13. PROCEDURE FOR OBTAINING LOAN

The NGO having Self Help Groups with minority members may either apply directly to NMDFC or to the State Channelising Agency (SCA) of NMDFC in their respective State. In case they decide to come through the State Channelising Agency, then the application should be marked to Managing Director of the State Channelising Agency in the respective State. The SCA would then be scrutinising the application based on the guidelines of NMDFC. In case the NGO is desirous of implementing Micro Financing Scheme and wants to obtain loan directly from NMDFC, then they will have to apply directly to NMDFC indicating the purpose, the estimated number of borrowers and correct amount required for the same along with the application.

Once the application is received in NMDFC/SCA, feedback is obtained about the NGO in a confidential manner, from the Registrar of Co-operative Societies or Authority with whom the NGO is registered. The registrar/authority is also requested to guide NMDFC whether the law under which the NGO is registered, permits it to undertake micro-financing activity. On receiving good feedback about the NGO from the Registrar/Authority & if the Act permits the NGO to undertake Micro-financing, the application submitted by the NGO would be considered for preliminary scrutiny.

Along with the application, the NGO will submit annual report for last three years and Balance Sheet and Audited Accounts for last three years. Based on the information provided by the NGO, the NMDFC has two options:

1. An officer from NMDFC/Monitor empanelled with NMDFC will visit the NGO, make a detailed inspection report based on the information provided by the NGO and field visit. The officer will then give his report, based on the information provided by the NGO and field visit, with recommendation or otherwise.
II. Monitor or officer from the SCA in which State the NGO is situated will be asked to visit, make a detailed field visit report and finally give his recommendations or otherwise, as a pre sanction report.

The report of the officer of NMDFC/Monitor/Officer of SCA will be examined and the suitability of the NGO for implementation of NMDFC’s Micro Finance Scheme and its capacity to handle number of beneficiaries viz-a-viz the amount of loan will be considered while sanctioning of loan by NMDFC. The application along with further information, if any, submitted by the NGO and Pre Sanction Study report will be examined and submitted for consideration to the competent authority, for sanction. The sanction letter will be issued to the NGO giving details of terms and conditions for the financial assistance including utilisation period, recoveries, penalty interest, re-payment schedule etc. Before any draws are made/allowed, the NGO will have to execute the prescribed documents including a guarantee deed, memorandum of agreement, post dated cheques etc. The NGO would be required to submit concrete security i.e., Bank Guarantee / Fixed deposit pledged in favour of NMDFC.

14. RELEASE OF FUNDS

In principle, NMDFC releases funds to the NGOs against the sanction accorded in two equal installments. However, in case of small sanctions of up to Rs.5 lacs, the funds may be released in one installment. The NGO has to submit the application for drawal in prescribed format & submit General Loan Agreement & Guarantee deed duly executed on Stamp paper. Its details are available on website of NMDFC at www.nmdfc.org. Before release of fund, NMDFC shall inform the sanction details to all the members of the managing committee of the NGO & obtain their consent for availing loan & their commitment to repay loan either individually or severally, in case of default in repayment, for any reason whatsoever, by the NGO.

The NGO will approach NMDFC for drawal of 2nd installment along with utilization details of the first installment. NMDFC will get the post disbursement field study conducted to assess the proper utilization of the 1st installment. On satisfactory utilization of the 1st installment, then the release of the 2nd installment will be considered by NMDFC.
ANNEXURE - I

NATIONAL MINORITIES DEVELOPMENT AND FINANCE CORPORATION
APPLICATION FORMAT FOR AVAILING MICRO-CREDIT SCHEME

1. **Organisation Directory**
   a) Name of the Organisation : __________________________
   b) Address : __________________________
   c) State : __________________________
   d) District : __________________________
   e) Block : __________________________
   f) Phone No. (STD Code) : __________________________
   g) Fax No.(if any) : __________________________
   h) Nearest Railway Station : __________________________
   i) Registration No.of the Organisation : __________________________
   j) Date of Registration : __________________________
   k) Date of Renewal, if any : __________________________
   l) Area of Operation : __________________________
   (i) As per Memorandum of Association (MOA) : __________________________
   (ii) For implementation of this program : __________________________
   m) Name and branch of the Bank from where the NGO operates : __________________________
   n) Account No. : __________________________
   o) Name and Designation of Chief Functionary : __________________________
2. **Details of socio-economic development programs implemented by the organisation during the last three years (year-wise)**

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Year</th>
<th>Name of the Program</th>
<th>Funded by</th>
<th>Amount received</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
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</tbody>
</table>

*Note:* Please enclose a copy of your annual reports of last three years.

3. **Experience of the organisation in Credit activity (year-wise)**

   a) Through SHGs

   (Amount in Rs.)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Years</th>
<th>Name of Activities for which loans given</th>
<th>No.of SHGs</th>
<th>No.of Borrowers</th>
<th>Amount of loan disbursed</th>
<th>Amount which was due for recovery i.e. Demand</th>
<th>Amount actually recovered i.e. repayment</th>
<th>%age of Recovery to Demand column (7/6) x100</th>
<th>Source of funds</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
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<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
<td>(8)</td>
<td>(9)</td>
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</table>

   b) Directly to borrowers

   (Amount in Rs.)

| Sr. No. | Years | Name of Activities for which loans given | No. of borrowers | Amount of loan disbursed | Amount which was due for recovery i.e. Demand | Amount actually recovered i.e. repayment | %age of Recovery to Demand column (7/6) x100 | Amount outstanding at the end of the year | Source of funds |
|---------|-------|------------------------------------------|-----------------|--------------------------|------------------------------------------|-------------------------------------------|-----------------|-----------------|-----------------|----------------|
| 1       | 2     | (3)                                      | (4)             | (5)                      | (6)                                      | (7)                                       | (8)                                         | (9)             | (10)            |
4. Details of the SHGs already formed

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the SHG</th>
<th>Name &amp; address of the leader of SHG</th>
<th>No. of total Member * (No. &amp; classification separately)</th>
<th>Per. Period since when formed i.e. Date of formation</th>
<th>Whether bank a/c has opened and number along with Name of bank/Branch</th>
<th>Saving per month (Rs.)</th>
<th>Total Saving Collected by the group (Rs.)</th>
<th>Total credit to the group members from its own savings (Rs.)</th>
<th>Total amount due to be recovered till date (Rs.) i.e. demand</th>
<th>Total amount recovered (Rs.) i.e. repayment</th>
<th>% of recovery column (13/12) x 100</th>
<th>Proposed amount of loan for the group from NMDFC for the group members</th>
</tr>
</thead>
<tbody>
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<td>1</td>
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Note: * No. of total member of every SHG is to be classified into the categories as mentioned below:
M- Minority, S- SC & ST, D- Disabled and OBC-Other Backward Class.
5. Proposed lending programme in the current year

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Activities</th>
<th>No. of SHGs</th>
<th>No. of Borrowers</th>
<th>Average Amount of Loan per beneficiary</th>
<th>Total amount required</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6 = (4x5)</td>
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</tbody>
</table>

6. Resources available with the Organisation

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Source</th>
<th>Balance of the beginning of year</th>
<th>Amount expected during the current year</th>
<th>Total amount</th>
</tr>
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<tbody>
<tr>
<td>(1)</td>
<td>Own sources</td>
<td>(2)</td>
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<tr>
<td>1.</td>
<td>Own sources</td>
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<tr>
<td>2.</td>
<td>Saving of SHGs/Members</td>
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<tr>
<td>3.</td>
<td>Recovery sources such as grants/donations etc.</td>
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<tr>
<td>4.</td>
<td>Borrowings (other than this application NMDFC)</td>
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<tr>
<td>5.</td>
<td>Total</td>
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</table>

7. Financial assistance required from NMDFC (i.e. para 5-6)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Amount</th>
<th>Name of Activities</th>
<th>No. of SHGs</th>
<th>No. of borrowers</th>
<th>Average amount of loan per beneficiary</th>
<th>Amount required from NMDFC</th>
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<tr>
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<td>iii)</td>
<td>Balance required from NMDFC</td>
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8. Please indicate for NGO & SHGs terms and conditions for each type of lending in terms of:-

a) Maximum amount per beneficiary.
b) Rate of interest charged and provision for penal interest
c) Security, margin money, if any, taken from the member.
d) Repayment period; and
e) Type of documents taken under each category from the borrower.

(Amount in Rs.)

9. Financial position of the organisation as per Balance Sheet

(As on ......................)

i) Fixed Assets Rs ........................................

ii) Current Assets Rs ........................................

iii) Borrowings Rs ........................................

(Details of borrowing if any, may be given in the proforma below)

iv) Other Liabilities Rs ........................................

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Lending Institution</th>
<th>Date</th>
<th>Amount borrowed</th>
<th>Amount repaid</th>
<th>Balance of borrowings outstanding</th>
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10. Organisational Set-up and Training

i) Details of staff

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>No. of staff with the organisation</th>
<th>Trained</th>
<th>Untrained</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
</tbody>
</table>

i) Details of arrangements available with the organisation for training of its staff/SHGs.
### Check List:-
(Please enclose the following)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Details of enclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Attested Copy of the original Registration Certificate/Renewals</td>
</tr>
<tr>
<td>(2)</td>
<td>Attested copy of Memorandum of Association/Bye-laws</td>
</tr>
<tr>
<td>(3)</td>
<td>Indicate the provision to borrow from outside agency (pl.give para/page No. Bye laws)</td>
</tr>
<tr>
<td>(4)</td>
<td>Main objectives/purpose/background of forming the organisation - a brief note.</td>
</tr>
<tr>
<td>(5)</td>
<td>Bio-data of the chief functionary.</td>
</tr>
<tr>
<td>(6)</td>
<td>Composition of the current Managing Committee with name, designation and address of the members (with relevant copy of resolution of general body.)</td>
</tr>
<tr>
<td>(7)</td>
<td>Photographs and signatures of the member of the current Managing Committee duly attested.</td>
</tr>
<tr>
<td>(8)</td>
<td>Copy of the audited accounts and Balance Sheet of the organisation for the last three years.</td>
</tr>
<tr>
<td>(9)</td>
<td>Copy of the resolution passed by Management Committee seeking loan (amount Rs.........) from NMDFC.</td>
</tr>
<tr>
<td>(10)</td>
<td>Copies of Annual Report of last three years.</td>
</tr>
<tr>
<td>(11)</td>
<td>Copies of testimonials received from funding agencies/Govt. Departments etc., if any.</td>
</tr>
<tr>
<td>(12)</td>
<td>Willingness to provide concrete security</td>
</tr>
</tbody>
</table>
12. **DECLARATION: Copy given below:-**

**(ON LETTER HEAD OF NGO)**

**DECLARATION**

I ___________________(full name with designation) certify that the facts and figures furnished in the application form and the Annexure & are correct and tally with the records of our organisation.

Place: ____________________________
Date: ____________________________

(Signature with official stamp)
Name & Designation of
Chief Executive

Encls: _________ sheets.
ANNEXURE – II

NATIONAL MINORITIES DEVELOPMENT & FINANCE CORPORATION
FORMAT FOR UTILISATION CERTIFICATE UNDER MICRO CREDIT
SCHEME

1. Date of submitting the information :

2. Name & Address of NGO :

3. Disbursement Detail :
   (i) By NMDFC
       Instalment No. I / II / III
       Date of release :
       Amount released :
   (ii) By NGO
       NMDFC Share : Rs.
       NGO/SHGs share : Rs.

4. Un-utilised funds, if any :

5. No. of Beneficiaries financed :

<table>
<thead>
<tr>
<th>No. of SHGs</th>
<th>No. of beneficiaries</th>
<th>Beneficiary Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rural Male</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Urban Female</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Total</td>
</tr>
</tbody>
</table>
6. Do you want to edit the information furnished above: Yes / No

Signature of the Authorised Officer of the NGO with official seal

**Note:**

1. The above statement should be submitted within 30 days after the last date prescribed for utilisation of funds, drawn from NMDFC. No further release of funds will be allowed unless utilisation certificate of earlier loan has been received by NMDFC.

2. A complete list giving name/address and amount advanced to each borrower must be furnished separately.
ANNEXURE - III

CHECK LIST FOR SUBMISSION OF APPLICATION
BY NGO FOR MICRO FINANCE SCHEME

In most of the proposals submitted by NGOs, it is observed that they lack desired information. A checklist has been compiled mentioning the major areas of information which should be ensured by the NGO while furnishing the proposal so that it can be processed easily:-

Points for consideration while applying (wherever applicable):-

1) Applicant NGO has to ensure that there is specific borrowing clause in their Memorandum of Association/Bye-laws for outside borrowing. The Memorandum of Association/Bye-laws of applicant NGO should provide the clause for undertaking economic activities. These points should be highlighted while submitting the relevant documents along- with the proposal.

2) The reason of deficit in any financial year out of the three previous financial years should be explained in detail giving justification.

3) The application for Credit limit has to be submitted strictly as per the prescribed format.

4) Applicant NGO has to ensure that specific resolution of the governing body regarding availing of credit from NMDFC has to be submitted. The resolution is to be signed by all the members of the applicant NGO.

5) Recovery percentage of loan given by applicant NGO has to be specified as this is an important criterion.

6) Applicant NGO has to give details of year-wise resources of funds utilized for credit business during the last three years.

7) It is observed that the details regarding thrift and credit business conducted by the applicant NGO during the past two-three years are not reflected properly in the audited accounts/balance sheet of the applicant NGO, which should be taken care of by the applicant.
8) The organization’s infrastructure for promoting Self Help Group may be given as per the following format:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Staff</th>
<th>Gender</th>
<th>Date of Joining</th>
<th>Qualification</th>
<th>Total years of Experience in Micro Credit</th>
<th>Designation</th>
<th>Salary P.M. (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
<td>(8)</td>
</tr>
</tbody>
</table>

9) Applicant NGO may submit its year-wise experience in self-employment income generation activities aimed at economic empowerment of poor target groups.

10) If an applicant NGO has received financial assistance for promotion of self help groups from any other Financial Institution, Cooperative Banks, RMK/SIDBI/NABARD, etc. details regarding receipt and current status of utilization/recovery may be submitted.

11) Applicant NGO should submit a brief description of the area where groups are supposed to be formed; in terms of population of minorities and activities practiced for employment, what has been the outcome, etc.

12) Applicant NGO should submit the details regarding preliminary work done in the direction of formation of proposed minority SHGs, so far.

13) Applicant NGO should specify the occupation of each of the members of the governing body.

14) Applicant NGO has to state about the organizational structure whether it is democratic set-up or a non-elected trust.

15) Applicant NGO has to state the details of Books of Accounts maintained at NGO as well as at SHG’s level.

16) Applicant NGO has to give details regarding the duration/frequency of meeting of SHGs i.e. monthly, weekly etc.
17) System of thrift/credit mechanism followed by NGO/SHGs should be commented upon by the applicant NGO.

18) A legible copy of the documents should be submitted along-with the application. In case the documents are in a local language, then an authenticated English translation must be provided.

19) Application form along-with relevant documents may please be submitted in English/Hindi Version only.

20) Willingness to provide Concrete security by way of Bank Guarantee/ Pledging of Fixed Deposit in favour of NMDFC.