

SCHEME FOR FINANCING MICRO FINANCE INSTITUTIONS(MFI's)

Purpose	The finance can be granted for starting/improving / expanding any type of income generating activity, so as to enable the group members to improve their earning and living standard. The finance could be for personal needs of members also , to sustain their living
Margin	In case Book Debts is taken as security, in such cases, margin of 10% is to be stipulated for book debts.
Security	Prime: Hypothecation of Book-debts/receivables may be stipulated as security to the mFIs/NBFC-MFIs, wherever possible. In respect of loans to NGO-mFI/NBFC-mFI registered as a company, the charges on Book debts and fixed assets(if stipulated as security) owned by the mFI shall be registered with Registrar of Companies (ROC), as per statute. Collateral: Cash Margin of 10% may be stipulated as a general rule. However this may be permitted to be relaxed by 5% to the deserving cases by sanctioning authority.
Repayment Period	Repayment is stipulated based on cash flow projections made. mFIs are required to repay the loan generally within a period of 3-5 years in monthly/quarterly installments. Initial moratorium on repayment of, principle can also be considered based on the need.