

SCHEME FOR FINANCING THROUGH SELF HELP GROUPS (SHG's)

Purpose	The objectives of SHGs is to inculcate the habit of thrift, banking culture in availing loans for productive purposes and repaying the same over a period of time and in the process to gain the economic prosperity through loan / credit.
Eligibility	<ol style="list-style-type: none">i. The group should have been in active existence for at least a period of six months.ii. The group should have successfully undertaken savings and credit operations out of its own resources.iii. Democratic working of the group, wherein all members feel that they have a say should be evident.iv. The group should be maintaining proper accounts /records.v. The branch should be convinced that the group has not come into existence only for the sake of participation in the project and availing benefits there under. There should be a genuine need to help each other and work together.vi. The SHG members should preferably have homogenous background and interests.vii. The interest of the NGO or the Self Help Promoting Institution (SHPI) concerned, if any, in the group is evident and the agency is helping the SHGs by way of training and other support for skill up gradation and proper functioning.viii. In addition to criteria mentioned above, following criteria should be followed:<ol style="list-style-type: none">a) Village Panchayat leaders should not normally be the office bearers or leaders of SHG.b) There should not be any interference from local authority/ies.c) Satisfactory internal savings and credit activity for at least 6 months.d) Proper book keeping system and procedures for lending and savings.ix. If any of these criteria are not met, steps should be taken to remedy the situation by training, by arranging visits to SHGs working well etc, if necessary, with the assistance of an NGO/NABARD/Bank.x. It would be prudent to select SHGs only from a compact & smaller geographical area so as to provide effective guidance and exercise proper supervision.xi. Branches may be required to provide training to members of SHG in book keeping, financial management, income generating` activities etc., with the help of an NGO.xii. No credit be extended to SHG without training or before ensuring its members have the necessary capability to participate in SHG.

Margin	Nil
Security	Nil
Repayment Period	a) Cash credit limit shall be sanctioned to SHGs tenable for five years. Hence only the interest shall be payable on a monthly basis as and when debited. b) The SHG would be free to prescribe appropriate repayment period and terms for loans to its members as determined by the group.