

LENDING TO MICRO CREDIT GROUPS (MCG's)

Purpose	<ol style="list-style-type: none">1. For providing credit to groups of persons belonging to the economically disadvantaged sections of the society in Rural/urban areas for taking up any income generating activity.2. It is a scheme for Micro Credit for financing the economically disadvantaged sections irrespective of the areas by financing them in groups, for taking up any Income Generating Activities, falling within the purview of priority Sector definition.3. The finance can be granted for starting/improving / expanding any type of income generating activity, including allied activity under agriculture, so as to enable the group members to improve their earning and living standard.4. Along with loan for income generating activity, loans could be given to the group up to a maximum of Rs.25000/- per member, for debt swap also, within the overall limit of Rs.50000/- per member.
Eligibility	<ol style="list-style-type: none">1. The group consists of people not exceeding ten belonging to economically disadvantaged sections. The minimum and maximum number of members in a group is restricted to three (3) and five (5) in urban areas and five (5) and ten (10) in rural and Semi urban areas.2. The group shall consist of members whose individual income does not exceed Rs.50000/- P A.3. The individual members should be permanent residents of the area for the last three years.4. The applicants should be residing within a radius of 16 KMs from the branch and all the members preferably shall reside in a cluster.5. Not more than one person from a family can be included in a group.6. Individual members will be financed against an agreement executed by the group members to make all the members jointly and severally liable for the loans availed by the Members.7. The group members should not be a member of any other SHG/MCG. The MCG or its members should not be a borrower/defaulters to any other Banks/Financial institutions and Co operative societies. The group members have to give a declaration in this respect.8. For availing the debt swap loans, the members in the groups should have availed the loan from the money lender before one year from the date of applying for the loan.

	9. For availing the debt swap loans, the members in the groups should give undertakings that he/she will not borrow from money lender again.
Margin	Nil
Security	Nil
Repayment Period	Within 48 months in monthly/quarterly/half yearly installments, with repayment holiday of three months in the beginning