

The funding support from the Mission is essentially intended to act as a catalyst for the SHGs to borrow larger amounts from the banks in a gradual manner such that in about 5 to 6 years, each SHG is able to access a credit amount of ₹ 10.00 Lakhs. The Master circular issued by RBI on 1<sup>st</sup> July, 2017 in this regard recommends the following amounts of loans:

**Cash Credit Limit (CCL):** In case of CCL, banks are advised to sanction minimum loan of ₹ 5 Lakhs to each eligible SHGs for a period of 5 years with a yearly drawing power (DP). The drawing power may be enhanced annually based on the repayment performance of the SHG. The drawing power may be calculated as follows:

- DP for First Year: 6 times of the existing corpus or minimum of ₹ 1 Lakh whichever is higher.
- DP for Second Year: 8 times of the corpus at the time review/ enhancement or minimum of ₹ 2 Lakhs, whichever is higher
- DP for Third Year: Minimum of ₹ 3 Lakhs based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit History.
- DP for Fourth Year onwards: Minimum of ₹ 5 Lakhs based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit History.

**Term Loan:** In case of Term Loan, banks are advised to sanction loan amount in doses as mentioned below:

- First Dose: 6 times of the existing corpus or minimum of ₹ 1 Lakh whichever is higher.
- Second Dose: 8 times of the existing corpus or minimum of ₹ 2 Lakhs, whichever is higher.
- Third Dose: Minimum of ₹ 3 Lakhs based on the Micro credit plan prepared by the SHGs and appraised by the Federations /Support agency and the previous credit History
- Fourth Dose: Minimum of ₹ 5 Lakhs based on the Micro credit plan prepared by the SHGs and appraised by the Federations /Support agency and the previous credit History

Banks should take necessary measures to ensure that eligible SHG are provided with repeat loans. Banks are advised to work with DAY-NRLM to institutionalize a mechanism for online submission of loan application of SHGs for tracking and timely disposal of application.

