

GOVERNMENT OF INDIA
MINISTRY OF RURAL DEVELOPMENT
DEPARTMENT OF RURAL DEVELOPMENT

LOK SABHA
UNSTARRED QUESTION NO. 4272
ANSWERED ON 29/03/2022

STRENGTHENING OF SHGs

4272. SHRI MOHANBHAI KALYANJI KUNDARIYA:
SHRI RAJESHBHAI CHUDASAMA:

Will the Minister of RURAL DEVELOPMENT be pleased to state:

- (a) whether the Government has received any proposal to increase the number of Self Help Groups (SHGs) in the States and if so, the details and the response thereof;
- (b) whether the Government proposes to lower the interest rate on the advances given to these groups and keep it at par with the interest rate charged on crop loans;
- (c) if so, the details thereof;
- (d) whether the Government reviews the funds for SHGs from time to time and if so, the details thereof; and
- (e) the other steps taken by Government to strengthen the SHGs?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF RURAL DEVELOPMENT
(SADHVI NIRANJAN JYOTI)

(a) The Ministry under Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) receives Annual Action Plans (AAPs) from States/UTs which includes physical targets for mobilization of rural poor women into Self Help Groups (SHGs). The Annual Action Plans are approved by the Empowered Committee set up in the Ministry under the Chairmanship of Secretary (RD) for each financial year. The ultimate aim of DAY-NRLM is to cover at least one woman member from each rural poor household (about 9-10 crore) under the fold of Self Help Groups (SHGs). All households with at least one deprivation as per the Socio-Economic and Caste Census (SECC) database and identified through the process of Participatory Identification of Poor (PIP) and vetted by the respective Gram Sabhas, are the potential target for coverage under DAY-NRLM. In the current Financial Year, up to 28th February, 2022, against the target of 7.80 lakh SHGs, 5.43 lakh SHGs have been formed and cumulatively, 74.80 lakh SHGs have been formed across the country (except Delhi and Chandigarh) under DAY-NRLM.

(b) & (c) Under the DAY-NRLM interest subvention is already being provided on loans taken by women Self Help Groups from Banks. In 250 backward districts, referred to as Category-I districts, all women SHGs are eligible to get bank loans up to Rs. 3.00 lakh at an interest rate of 7% per annum. An additional Interest Subvention of 3% per annum is provided to women SHGs maintaining prompt repayment, reducing the effective rate of interest to 4%. This part of the scheme is implemented directly by Ministry of Rural Development and funded entirely out of the central component under DAY-NRLM.

In the remaining districts of the country referred to as Category-II districts, women SHGs under DAY-NRLM availing loans upto Rs. 3.00 lakh from Banks, Interest Subvention is given to the extent of the difference between Bank's lending rate and 7% subject to the

maximum ceiling of 5.50% per annum. This part of the scheme is implemented by respective State Governments and is funded out of the allocation provided to each State under DAY-NRLM which includes State share as per norms.

The Government has now approved an uniform interest subvention scheme for women SHGs across all districts in the country from next year i.e. 2022-23. Under the uniform interest subvention scheme, women SHGs will be eligible for loans upto Rs 3 lakhs at interest rate of 7% per annum. Further women SHGs can avail loans above Rs 3 lakhs and upto Rs 5 lakhs at interest rate equivalent 1-year MCLR (Marginal Cost of Funds based Lending Rate) of respective lending banks. As on Mar 2022, 1 year MCLR of major Public Sector Banks ranges between 7% to 7.5%.

(d) DAY-NRLM has a provision for providing Revolving Fund (RF) at the rate of Rs.10,000-15,000 per SHG and Community Investment Support Fund (CISF) to the extent of Rs. 2,50,000 per SHG. These funds remain with the SHGs and their federations in perpetuity and are utilized to provide loans to their members to undertake socio-economic activities as per their micro-credit/investment plans. As on 28th February, 2022, a total of Rs. 17,342 crore of Capitalization Support (Revolving Funds and Community Investment Support Funds) has been provided to SHGs and their federations by the Mission.

(e) The Government is taking regular steps to strengthen the SHGs by promoting SHG federations such as Village Organisations (VOs) and Cluster Level Federations (CLFs) which provides handholding support. SHGs have been provided Revolving Fund and Community Investment Support Fund towards credit support and to leverage high doses of credits from banks. Regular training programmes have been conducted for the SHG members on SHG management, financial literacy, livelihoods related technologies etc.
