O.I.H.

GOVERNMENT OF INDIA
MINISTRY OF RURAL DEVELOPMENT
DEPARTMENT OF RURAL DEVELOPMENT

LOK SABHA
UNSTARRED QUESTION NO. 415
ANSWERED ON 21/07/2026

LOANS TO SELF-HELP GROUPS

415. Shri Chandan Chauhan:

Will the Minister of RURAL DEVELOPMENT be pleased to state:

(a) whether the Government is aware that Micro Finance Companies frequently extend loans to Self Help Groups (SHGs) in rural areas at exorbitantly high rates of interest, forcing these SHGs to provide loans to their members at interest rates ranging from 30 to 40 per cent or even higher;

(b) if so, the details thereof and whether complaints regarding such high rates of interest have been received;

(c) the steps taken by the Government to rectify this situation so that members can access credit at fair and equitable rates of interest; and

(d) whether the Government plans to implement any regulations or rules for the loan processes of Self Help Groups to protect the interests of members and ensure the availability of loan at affordable rates?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF RURAL DEVELOPMENT
(DR. CHANDRA SEKHAR PEMMASANI)

(a) to (c): The Ministry facilitates access to institutional credit for women Self Help Groups under Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM) through Scheduled Commercial Banks and Cooperative Banks. Under the programme, women SHGs are supported to avail collateral-free loans from these banks in accordance with the guidelines issued by the Reserve Bank of India and NABARD. The Ministry does not facilitate or promote borrowing by SHGs from Microfinance Companies.

(d): To ensure the availability of loan to women Self Help Groups at affordable rates and to safeguard their interests, the Government has put in place a policy framework under Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM). The programme provides Interest Subvention on loans availed by eligible women SHGs from Scheduled Commercial Banks and Cooperative Banks.

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