

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1047

ANSWERED ON:28.11.2014

SHGS

Ranjan Smt. Ranjeet;Reddy Shri Midhun

Will the Minister of FINANCE be pleased to state:

- (a) the total number of accredited micro financing Self Help Groups (SHGs) functioning in the country, State-wise ;
- (b) whether the Government has any plan/ proposal for expansion of their micro financing activities in remote rural areas of the country;
- (c) if so, the details thereof;
- (d) whether the Government proposes to provide financial assistance to these groups for operating their micro financing activities in rural areas; and
- (e) if so, the details thereof and if not the reasons therefor?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE) (SHRI JAYANT SINHA)

(a): As per National Bank for Agriculture and Rural Development (NABARD), there is no requirement for any accreditation of Self Help Groups (SHGs) as these are informal groups/ institution comprising of poor men and women having similar socio economic background. The details of state wise number of SHGs having savings accounts with banks as on 31 March 2014 is given in Annexure.

(b) & (c): Yes, the Government has plan/proposal for expansion of their micro financing activities in remote rural areas of the country. The details of plan as furnished by NABARD are as under :

National Rural Livelihood Mission (NRLM), a flagship programme of the Ministry of Rural Development, Government of India, has set out with an agenda to cover 7 Crore rural poor households, across 600 districts, 6000 blocks, 2.5 lakh Gram Panchayats and 6 lakh villages in the country through self-managed SHGs and federated institutions and support them for livelihoods collectives over a period of 8-10 years.

NABARD continues to be the main facilitator and mentor of microfinance initiatives in the country. It continues to provide financial grant to Non Governmental Organisations (NGOs), banks and other Self Help Group Promoting Institutes (SHPI) for the purpose of promotion, nurturing and credit linkage of SHGs with Banks. As on 31st March 2014, the cumulative sanctions made to various SHPI partners for promotion and nurturing of SHGs and achievement thereto is as given:

Agency	Cumulative Sanction up to	Cumulative Achievement up to
	31.3.2014	31.3.2014

	Amount (Rs lakh)	SHG Nos.	Amount (Rs lakh)	SHG Nos.
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NGOs	22898.17	547382	7774.46	375966
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RRBs	772.46	44038	186.30	37147
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Coop. Banks	938.65	65412	375.88	50452
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IRVs#	497.86	28910	83.49	12581
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Farmers Clubs	40.18	7229	40.17	7229
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PACS##	420.36	9053	14.49	73
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SHG Federations	18.00	300	4.55	195
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Total	25585.68	702324	8479.34	483643
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Women SHG Scheme in Left Wing Extremism (LWE) affected & backward districts

Anchor NGOs	19643.30	196433	3437.79	149820
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IRVs- Individual Rural Volunteers ## PACs- Primary Agricultural Cooperative Societies

(d) & (e): Yes, Financial assistance is being provided to the SHGs. Under National Rural Livelihood Mission, NRLM/SRLM (State Rural Livelihood Mission) provides financial assistance to the SHGs in the following ways:

Revolving Fund (RF) support to SHGs which are in existence for a minimum period of 3/6 months and have not received any RF

earlier will be provided with RF, as corpus, with a minimum of Rs.10,000 and up to a maximum of Rs.15,000 per SHG. The purpose of RF is to strengthen their institutional and financial management

Community Investment Support Fund (CIF): CIF will be used by the Federations, to advance loans to the SHGs and/or to undertake the common/collective socio-economic activities.

In addition to above, the SHGs would be linked to Banks for the purpose of availing need based credit. NRLM is also providing interest subvention on the loans extended to Women SHGs from banks as per details given below:

Category I districts (150 districts): Under the scheme, in the identified 150 districts all the Women SHGs promoted, are provided loans by Banks at an interest rate of 7% per annum (p.a). up to Rs. 3 lakh.

The Commercial Banks, Regional Rural Banks (RRBs) and Cooperative Banks will be extended interest subvention facility to the extent of difference between their lending rates and 7% (subject to a maximum of 5.5% p.a). The Women SHGs are also eligible for an additional interest incentive of 3% in case the loan is repaid promptly before due date, thereby reducing the effective rate of interest to 4% p.a.

Category II districts (other than 150 districts): In Category II (other than 150 districts), all NRLM compliant Women SHGs will be eligible for interest subvention for loans up to Rs 3 lakhs at an interest rate of 7%.