

SCHEME FOR REFINANCE TO PUBLIC SECTOR BANKS/REGIONAL RURAL BANKS/OTHER ELIGIBLE INSTITUTIONS UNDER CREDIT GUARANTEE SCHEME OF GOVERNMENT OF INDIA [Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)].

1.0 Purpose:

To make available the facility of collateral free loan for self employment and higher education to Persons with Disabilities (PwDs) at NHFDC rate of interest through Public Sector Banks (PSBs), Regional Rural Banks (RRBs) & Other Eligible Institutions under Credit Guarantee Scheme (CGS) of Government of India.

2.0 Eligibility of PSB/RRB/Other institution

- (i) The PSBs/RRBs/Other institutions should be the Member Lending Institution (MLI) of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).
- (ii) The PSB/RRB/Other institution should have executed an Agreement with NHFDC.

Note:

In case the PSB/RRB/ Other institution is yet to become MLI of CGTMSE but otherwise allowed to become MLI as per the policy of CGTMSE, NHFDC after satisfaction may extend the facility of refinance after getting a written assurance from the PSB/RRB/ Other institution that it will become MLI soon.

3.0 Eligibility of Beneficiary

Any disabled person who fulfills the following criteria is eligible to avail financial assistance –

3.1 For Self Employment purpose

- a) Any Indian Citizen with 40% or more disability.
- b) Age above 18 years.

3.2 For Higher Education purpose

- a) Any Indian Citizen with 40% or more disability.

4.0 Eligibility of Business Activity

4.1 The business activity for which loan is sought should be eligible under CGS

4.2 In case of education loan, as per policy of NHFDC Education Loan Scheme.

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5.0 Loan Limit

5.1 **For Self Employment activities: Rs 25.00 Lakhs**

5.2 **For Education Loan** the norms/policy of NHFDC at the time of applying of loan shall be applicable.

6.0 Rate of Interest Chargeable

6.1 Rate of Interest (**Self Employment purpose**)

<u>Loan Amount</u>	<u>To be paid by Banks etc To NHFDC</u>	<u>To be paid by benef. to Banks etc</u>
a) Upto Rs. 50,000/-	2%	5%
b) Above Rs. 50,000/- and upto Rs. 5.0 lakh	3%	6%
c) Above Rs. 5.0 lakh and upto Rs. 15.0 lakh	4%	7%
d) Above Rs. 15.0 lakh	5%	8%

6.2 Rate of Interest **for Women with Disabilities (Self Employment purpose)**

A special rebate of 1% on interest is given to women with disabilities in all the self-employment schemes of NHFDC under Mahila Samridhi Yojana. All the women beneficiaries are covered under this schemes and the applicable rate of interest for them is as follows:

<u>For Loan Amount</u>	<u>To be paid by Banks etc.to NHFDC</u>	<u>To be paid by benef.to Banks etc</u>
a) Upto Rs. 50,000/-	1%	4%
b) Above Rs. 50,000/- and upto Rs. 5.0 lakh	2%	5%
b) Above Rs. 5.0 lakh and upto Rs. 15.0 lakh	3%	6%
c) Above Rs. 15.0 lakh	4%	7%

A special rebate of 0.5% is also available for PwDs under VH/HH/MR category under self-employment loans.

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6.3 Rate of Interest (**Education Loan**)

For Loan Amount	To be paid by Banks etc to NHFDC	To be paid by benef.to Banks etc
a) Upto Rs. 10,00,000/- for Study in India and Upto Rs. 20,00,000/- for Study abroad	1%	4%

6.4 Rate of Interest for Women with Disabilities (Education Loan)

A special rebate of 0.5% on interest is given to women with disabilities in Education Loan Scheme of NHFDC

For Loan Amount	To be paid by Banks etc to NHFDC	To be paid by benef.to Banks etc
a) Upto Rs. 10,00,000/- for Study in India and Upto Rs. 20,00,000/- for Study abroad	0.50%	3.50%

7.0 Repayment Period

7.1 **For Self Employment activities** the repayment period shall be as per appraisal of the individual proposal by PSB/RRB/etc which should be permissible under CGS

7.2 **For Education Loan** the norms/policy of NHFDC at the time of applying of loan shall be applicable

8.0 Security

8.1 **For Self Employment activities** no security will be taken by NHFDC from the PSB/RRBs/Other eligible institutions for providing refinance under CGS.

8.2 **For Education Loan** no security will be taken by NHFDC from the PSB/RRBs/Other eligible institutions for providing refinance under CGS. However, the PSBs/RRBs/Other eligible institutions need to follow the norms prescribed under the model scheme of the Indian Bankers Association (IBA) or their own bank norms while extending loan to the beneficiaries.

9.0 Refinancing Patterns

NHFDC would provide 100% refinance to the PSBs/RRBs/Other eligible institutions of their share.

10.0 Liquidated Damages on Defaulted Payments

Defaults in the repayment of NHFDC dues (principal as well as interest) shall attract liquidated damages @ 2% p.a. over and above the normal rates of interest.

11.0 Penal Interest

In case the loan is not disbursed to the beneficiary by the PSBs/RRBs/Other eligible Institutions within 90 days of receiving the fund from NHFDC, the interest on un-utilised amount will be @ 3% p.a. over and above the normal rate of interest for next 90 days. Thereafter, the un-disbursed amount has to be refunded by PSBs/RRBs/Other eligible Institutions to NHFDC and additional penal interest of 2% will be charged till the date of refund.

12.0 Incentive to SCAs for Good Recovery

The PSBs/RRBs/Other eligible Institutions fulfilling the prescribed criteria shall be eligible for an amount equivalent to **0.50** % of the repayment made by them during the preceding financial year.

Prescribed Eligibility Criteria

i) The PSBs/RRBs/Other eligible Institutions should have repaid atleast 95% of NHFDC dues as on 31st March of preceding financial year.

Or

ii) The cumulative recovery from PSBs/RRBs/Other eligible Institutions as on 31st March of the financial year in question, should have improved by atleast 20% over that of the previous financial year subject to the condition that recovery %age of the financial year in question should be more than the average of the last 3 financial years recovery (%) or 50% (cumulative), whichever is higher.

13.0 INCENTIVE SCHEME FOR HIGHER TURNOVER (NHFDC FUNDS) BY SCAs:

The SCAs fulfilling the prescribed criteria shall be eligible for an incentive amount equivalent to **0.50%** of the actual disbursement (excluding refund) out of the funds released in the year on achieving the notional allocation of funds of the financial year in consideration.

ELIGIBILITY CRITERIA

- (i) The PSBs/RRBs/Other eligible Institutions who have signed agreement with NHFDC.
- (ii) The recovery (cumulative) and utilization percentage of PSBs/RRBs/Other eligible Institutions in respect of fund released during the year should be atleast 75% at the time of considering for incentive scheme i.e end of the financial year (31st March) under consideration.

14.0 Printing of Application form for financial assistance -

Wherever PSBs/RRBs/Other eligible Institutions decides to print application forms itself, it is allowed to charge an amount not exceeding Rs.10/- per application form. The amount to be so charged must be printed on the face of the front page of the application form in bold letters in English/Hindi as well as vernacular language of the State/locality.

15.0 Procedure for obtaining NHFDC Refinance by PSBs/RRBs/Other eligible Institutions

15.1 The PSBs/RRBs/Other eligible Institutions may send the request for refinance to NHFDC giving details of the beneficiary and activity in the prescribed format (**Appendix- i**).

15.2 The PSBs/RRBs/Other eligible Institutions may draw advance funds from NHFDC as per the policy (**Appendix- ii**).

16.0 Other Conditions

As per the discussions with various PSBs/RRBs/Other eligible Institutions, the following points are stipulated:

16.1 The PSBs/RRBs/Other eligible Institutions shall accept loan applications within the jurisdiction of individual branch which may be limited to a distance of 10 kms for which the bank branch can entertain the loan application. However, if so desired, bank branches can accept loan applications beyond this limit also without binding.

- 16.2 The rate of interest charged from the beneficiaries is to be as per the provisions of the lending policy of NHFDC. An interest margin of 3% may be retained by the bank being the implementing agency of NHFDC.
- 16.3 PSBs/RRBs/Other eligible Institutions shall appraise the loan application/proposal for technical feasibility and financial viability. Only financially viable and technically feasible proposals may be submitted to NHFDC for refinance after compliant to the prevailing bank norms and fulfilling the conditions of Credit Guarantee Scheme.
- 16.4 The refinance by NHFDC shall be repaid by the PSBs/RRBs/Other eligible Institutions in accordance with the repayment schedule/quarterly demand notices raised by NHFDC on 31st March, 2001, 30th June & 31st December.
- 16.5 Under the collaborative arrangement, NHFDC will not insist on guarantee from the PSBs/RRBs/Other eligible Institutions/State Government. Also the PSBs/RRBs/Other eligible Institutions will not take any collateral guarantee from the beneficiaries apart from the one as stipulated in the Credit Guarantee Scheme.
- 16.6 The one time guarantee fee and annual service fee under CGS will be payable as per the prevailing norms and procedures of PSBs/RRBs/Other eligible Institutions.
- 16.7 In case of default by the borrower, PSBs/RRBs/Other eligible Institutions can recover upto 85% of loan following the procedures laid down in CGS.
- 16.8 In no case, PSBs/RRBs/Other eligible Institutions can charge higher rate of interest from the disabled beneficiaries to absorb the guarantee fee and/or other charges, as the maximum interest rates for various amount of loan are fixed under NHFDC scheme.
- 16.9 In order to offset the guarantee fee and processing charges, NHFDC has kept the provision of Performance Linked Incentives as explained at point 12 & 13 of refinance scheme.
- 16.10 The PSBs/RRBs/Other eligible Institutions will not sanction/disburse any amount beyond Rs.25.0 lakhs/beneficiary or unit under the scheme.

- 16.11 The advance fund given by NHFDC to PSBs/RRBs/Other eligible Institutions for implementing its scheme under CGS shall have the fixed repayment period of five years.
- 16.12 The refinance scheme shall be applicable only for the proposals to be funded after the date of Agreement with the respective PSBs/RRBs/Other eligible Institutions.
- 16.13 In case of any clarification, the referral point will be the provisions of CGS.
- 16.14 Issues pertaining to implementation of this scheme, interpretation and application of the norms and matters incidental thereto shall be decided by CMD, NHFDC in the best interest of the Corporation. He decision of CMD, NHFDC shall be final in case of any dispute/clarification.

Appendix-i

Name of Bank (With Address)-----

Format for Utilisation Certificate for Refinance Received from NHFDC for the Period

Refinance Recd vide NHFDC letter no.----- dated-----

Sl. No	Name, Father's Name and address of Beneficiary with district & Pin code	Tel. / Mobile no.	Date of Birth/ Age (Yrs)	Male / Female (M/F)	Caste / Category (SC/ST/ OBC/Min / Gen)	Disability (as mentioned on disability certificate)		Annual Income (Rs) and Qualification of the beneficiary	Amt. of loan disbursed to beneficiary (Rs.)	Bank Loan a/c No.	Financing Branch	Chq/DD/NEFT No . and date of disbursement to Beneficiary	Name of the Business Activity	CGPAN of DICGC (for MSME loans)	
						Type	%								
1															
2															
3															
4															
5															
		Total													

Certificate:-

1. Certified that the above information is checked and found correct.
2. The business activity is appraised and found to be technically feasible and economically viable and covered under Small Loan Credit Guarantee Scheme of CGTMSE.
3. The bank has not taken refinance for the above activity and for the above mentioned loanee from any other financial institution.
4. Photographs and Disability Certificates of the above beneficiaries, certifying a minimum of 40% disability, issued by competent authority as per Disability Act/Govt. orders are held at our branches. These certificates will be made available to authorized representative of NHFDC as and when required.

**Nodal Officer
(Name & Seal)
Date :**

**Authorised Signatory
(Name & Seal)
Date :**

SCHEME FOR ADVANCE FUNDING

1. Agencies

Loan may be released in advance to State Channelizing Agencies /Banks (acting as implementing agencies of NHFDC) with which General Loan Agreement has been executed.

The scheme shall also be applicable to PSBs/RRBs/Other eligible institutions eligible under CGS who have signed agreement with NHFDC.

2. Amount of advance funding

Loan may be released in advance on the request of the agency upto an amount equal to notional allocation made to the agency. The notional allocation for the SCA may be reviewed and revised by NHFDC during the year based on the performance of the SCA.

a) Release of Advance Fund: The loan may be released in advance on the request of the agency, maximum to the extent of 50% of notional allocation as First Installment and balance (upto remaining 50%) on receipt of 80% utilization details of First Installment.

b) Social Priorities : Further, the SCAs are required to endeavor to cover target groups in accordance with the priorities laid down as under:

(a) Women 50% (b) Men 50%

The SCAs are expected to cover the beneficiaries in such a way that persons from each type of disability are covered in proportion to their respective population in state and district level.

3. Utilisation of advance fund

The amount of advance loaning made by NHFDC to the agency shall be utilized for extending financial assistance for the benefit of Persons with Disabilities:

- a) For financing projects falling under the delegated authority of the SCA.
- b) For financing projects that are in conformity with conditions for pre-approved projects communicated to the agency in this regard by NHFDC.
- c) For such other purpose as may be intimated by NHFDC in writing.

4. Utilisation Details

Advance loans released by NHFDC has to be utilized by the agency within a period of 90(ninety) days from the date of issue of Demand Draft. Seven (07) days grace period may also be allowed towards the transit period of the demand draft.

Details of utilisation of funds shall be communicated to NHFDC by the agency immediately.

5. **Rate of Interest / Penal Interest**

The following rate of interest/Penal rate of interest etc. would be charged from the agency by NHFDC in respect of Advance funding.

<i>Conditions</i>	<i>Rate of Interest</i>
a) Where funds advanced has been utilized by the agency within the utilisation period of ninety(90) days (plus a grace period of seven(07) days for the transit period of demand draft) from the date of issue of demand draft(by NHFDC)	2% p.a. on the loan advance upto the date of utilisation of fund of ninety(90) days (after a grace period of seven days for the transit period of demand draft during which no interest will be payable) from the date of issue of Demand Draft whichever is earlier. From the date of utilisation of funds applicable rate of interest would be applied
b) Where loan advanced could not be utilized within the utilisation period and unutilised money is retained by the agency; OR The advance loan amount was utilized on a later than the utilisation period	2% p.a. on the loan advanced for the period upto ninety (90) days (after a grace period of seven days for the transit period of demand draft during which no interest will be payable) from the date of issue of Demand Draft. 5% p.a. for the next ninety (90) days, 7% p.a. for the rest of the time until refund of unutilised amount.

6. **Repayment of Loan/ Moratorium period**

The loan released through Advance funding shall be repaid in twenty (20) quarterly instalments within five years. Other aspects regarding repayment of loan, moratorium period, etc. that have not been expressly stated hereinabove shall be governed in accordance with lending policy of the Corporation

7. **Miscellaneous matters**

Issues pertaining to implementation of this scheme, interpretation and application of the norms and matters incidental thereto shall be decided by CMD, NHFDC in the best interest of the Corporation.

The Modalities of Refinancing by NHFDC to Public Sector Banks (PSBs)/ Regional Rural Banks (RRBs) under Credit Guarantee Scheme (CGS)

1. The PSBs/RRBs will provide loan to PwDs as per the norms and provisions of the Credit Guarantee Scheme of Government of India. Guarantee cover is provided under Credit Guarantee Scheme. Hence, there is no need to take collateral security from the borrower.
2. Under this collaborative arrangement, NHFDC will not insist on guarantee from the implementing agency or State Government. Also, the implementing agency will not take any collateral guarantee from the beneficiaries as stipulated in the Credit Guarantee Scheme.
3. The loan to eligible PwDs will be provided by PSBs/RRBs at the National Handicapped Finance & Development Corporation (NHFDC) interest rates. **The applicant should have a certificate for 40% or more disability and the maximum loan shall be limited to Rs 25 lakhs.**
4. The PSBs/RRBs will be allowed to retain 3% interest margin as per the provision of the lending policy of NHFDC.
5. NHFDC will refinance all such loans given to eligible persons with disabilities by the PSBs/RRBs.
6. The refinance shall be repaid by PSBs/RRBs in accordance with the schedule of repayment/ quarterly demand notices raised by NHFDC.
7. The one time Guarantee fee and annual service fee under Credit Guarantee Scheme will be charged as per the norms and procedure of the PSBs/RRBs.
8. In case of default by the borrower, the lending PSBs/RRBs can recover upto 85% of loan under procedures laid down in Credit Guarantee Scheme.
9. Since **education loan** is not covered under Credit Guarantee Scheme, the PSBs/RRBs will implement NHFDC education loan scheme separately as per norm of NHFDC lending policy and whole amount will be refinanced to PSBs/RRBs. In this case also, PSBs/RRBs will be entitled to retain 3% interest margin as per the provision of the lending policy of NHFDC. Details of Refinance Scheme are enclosed.
10. In this manner, other parameters of Memorandum of Understanding between NHFDC & RRBs may be finalized.