

Frequently Asked Questions (FAQ) About Micro Credit Scheme (MCS)

Q (1). Is Micro Credit loan provided by NHFDC?

A. Yes. The loan assistance is provided under the Micro Credit Scheme for financial assistance to Persons with Disabilities for starting or augmenting income generation activities.

Q (2). What is the maximum loan provided by NHFDC under MCS?

A. In case of loan to NGO (either through SCA or directly by NHFDC), the maximum loan amount shall be limited to Rs.10.0 lakh (Rupees Ten Lakh only) and the maximum amount of loan to a beneficiary will be limited to Rs.50,000/- (Rupees Fifty Thousand only).

Q(3). Can SCA implement MCS through NGO/Self Help Group?

A. Yes, The SCAs may implement the MCS scheme through reputed NGOs/Self Help Groups.

Q(4). What is the extent of term loan provided for MCS?

A. NHFDC would provide 100% funding of the sanctioned projects.

Q(5). What is the rate of interest payable by beneficiary under MCS?

A. Interest payable by the beneficiaries shall not exceed 5% per annum. A rebate of 1% per annum on interest rate will be admissible to women beneficiaries. In addition to the above, a further rebate of 0.5% per annum on interest rate will be admissible to PwDs under VH/HH/MR category.

Q(6). What is the Eligibility criteria of beneficiary under MCS?

- A. i) Any Indian Citizen with 40% or more disability
ii) Age above 18 years.

Q(7). What is the Eligibility criteria of NGO under MCS?

A. The Eligibility criteria of NGO under MCS

- i) The applicant NGO should have been registered for at least three years and it should have good reputation.
- ii) An NGO intending to implement Micro Credit Scheme should have the objective of serving the social and economic needs of the weaker sections or the Persons with Disabilities.
- iii) It should have the necessary flexibility, professional competence and basic financial management capability and organization skills to implement the lending programme. It must have outreach services in the operational areas.
- iv) Its office bearers should not be elected members of any political party.
- v) It should have a proper system of maintaining accounts. Accounts should have been audited. There should not have been any serious irregularities observed in the audit, and its accounts should be published.
- vi) It should be running on sound lines and preferably have experience of Thrift and Credit administration of at least three years and its recovery performance during the last three years should be approximately 90% or more.

Q(8). What is the Security Amount under MCS?

A. 30% of sanctioned loan amount in shape of FDR/Bank Guarantee.

Q(9). What is the repayment period of MCS?

A. 03 years.

Q(10). What is the time period for utilization of Micro Credit Loan by NGO?

A. Loan under the scheme is extended by NHFDC directly to the NGO/SHG, the same is to be utilized within a period of 30 days from the date of release of funds.

Q(11). Is there any Penal Interest Charges in delay in utilization of loan by NGO?

A. Yes, 3% p.a. over and above the normal rate of interest will be charged for first 30 days of default. Thereafter, the unutilized amount shall carry additional penal interest @ 2% per annum till the date of refund.

Q(12). What is the procedure for obtaining MCS loan?

A. NGO/SHG can submit MCS proposal through State Channelizing Agency (SCA) or submit directly to NHFDC

Q(13). What are the income generating activities covered under MCS?

A. Small business/trade, Tiny/cottage industry or service activity, Artisan activities, Agricultural and allied activities, Transport sector activities etc.,

Q(14). Does NHFDC provides loan to Parent Associations?

A. Yes. NHFDC provides loan to parent associations of mentally retarded persons to set up an income generating activity for the benefit of the mentally retarded persons. The nature of income generating activity will be such that it involves the mentally retarded persons directly and income will be distributed among the mentally retarded persons.

Quantum of loan to each NGO/Parent Association is limited to Rs. 5.00 lakh. The share of the NGO will be 5% of the project cost. The loan will be used by the NGO/Parent Association to implement a single or multiple activity project in which the maximum possible participation of the beneficiaries may be ensured.

Q(15). What is the rate of interest payable by beneficiary under Parent Association Scheme?

A. The interest on the loan amount will be charged as per following:

- i) Less than Rs. 50,000/- - 4.5% p.a.
- ii) Above Rs. 50,000/- and upto Rs. 5.0 lakh. - 5.5% p.a.

Q(16). What is the Eligibility criteria of Parent Association?

A. The Eligibility criteria of Parent Association as per following:

- a) The Parent association should be registered for at least 3 years.
- b) It should have a minimum membership of 5 parents.
- c) It should not be a financial defaulter of central government, state government, any financial institution in the public sector, banks etc.

In case of Beneficiary:

- i) Any Indian Citizen with 40% or more disability
- ii) Age above 14 years.

Q(17). What is the Security Amount under Parent Association Scheme?

A. 25% of the total sanctioned amount in the form of FDR pledged as security to NHFDC or 40% of the amount as collateral security.

Q(18). What is the repayment period under Parent Association Scheme?

A. 10 years.

Q(19). What is the time period for Utilization of Parent Association Scheme?

A. Loan under the scheme is to be utilized within a period of 30 days from the date of release of funds.

Q(20). What is the objective of Scheme of Financing NGOs working in the area of Disabilities in order to Make Social Entrepreneur?

A. The main objective of the Scheme is to assist the NGOs working in area of disabilities in order to promote economic development activities and self-employment ventures in production/manufacturing sector for the benefit of Persons with Disabilities.

Q(21). What is the loan amount?

The maximum amount of loan to an NGO will be limited to Rs.5.00 lakh (Rupees Five Lakh only).

Q(22). What is the rate of interest payable by beneficiary under Parent Association Scheme?

A. The interest on the loan amount will be charged as per following:

- i) Less than Rs. 50,000/- - 5% p.a.
- ii) Above Rs. 50,000/- and up to Rs. 5.0 lakh. - 6% p.a.

Q(23). What is the Eligibility criteria for the Scheme of Financing NGOs working in the area of Disabilities in order to Make Social Entrepreneur?

A. The Eligibility criteria for the Scheme of Financing NGOs working in the area of Disabilities in order to Make Social Entrepreneur:

- i) The applicant NGO should have been registered for at least three years and it should have good reputation and not a defaulter of funds of any Financial Institution/Govt. Agency or body.
- ii) An NGO intending to implement Scheme should have the objective of serving the social and economic needs of the Persons with Disabilities.
- iii) It should have be engaged in some production activities
- iv) It should have the necessary flexibility, professional competence and basic financial management capability and organization skills to implement the lending programme. It must have outreach services in the operational areas.
- v) Its office bearers should not be elected members of any political party.

vi) It should have a proper system of maintaining accounts. Accounts should have been audited. There should not have been any serious irregularities observed in the audit, and its accounts should be published.

vii) It should be running on sound lines and preferably have experience of Thrift and Credit administration of at least three years and its recovery performance during the last three years should be approximately 90% or more.

viii) It should not be a financial defaulter of central government, state government, any financial institution in the public sector, banks etc.

Q(24). What is the repayment of Scheme of Financing NGOs working in the area of Disabilities in order to Make Social Entrepreneur?

A. 05 years.

Q(25). What is the procedure of obtaining of Financing NGOs working in the area of Disabilities in order to Make Social Entrepreneur?

A. Application in the prescribed format is to be submitted by interested NGOs to the State Channelizing Agency or implementing agency as nominated by NHFDC for sanction of loan as per procedure laid down in the lending policy NHFDC.