

**Amendments in the R B I Master Circular on DAY –NRLM dated 18th September, 2020**

Clause in MC	Existing Clause	New Clause
5	CIF will be provided to the SHGs in the intensive blocks, routed through the Village level/ Cluster level Federations, to be maintained in perpetuity by the Federations	CIF would be provided by <b>MoRD to the SHGs promoted under DAY – NRLM in all blocks (intensive and non-intensive)</b> and would be routed through the Village level/ Cluster level Federations, to be maintained in perpetuity by the Federations.
7.1.1(iii)	For KYC verification pertaining to SHG members, instructions of Department of Banking Regulation in Master Direction on KYC (dated February 25, 2016, updated as on May 29, 2019) (Part VI – Paragraph 43) shall be adhered to while completing Customer Due Diligence (CDD) <sup>1</sup> process. Accordingly, the current instructions under Simplified norms for Self Help Groups (SHGs) mention that Customer Due Diligence (CDD) <sup>1</sup> of all the members of SHG as mentioned in the above Direction shall not be required while opening the savings bank account of the SHG. CDD of all the office bearers shall suffice. No separate CDD of the members or office bearers shall be necessary at the time of credit linking of SHGs.	For KYC verification pertaining to SHG members during opening of accounts, instructions of Department of Banking Regulation in Master Direction on KYC (dated February 25, 2016, updated as on April 20, 2020) (Part VI – Paragraph 43) shall be adhered to while completing Customer Due Diligence (CDD) process. CDD means Identifying and verifying the customer and the beneficial owner. Accordingly, the current instructions under Simplified norms for Self Help Groups (SHGs) mention that while opening of accounts Customer Due Diligence (CDD) of all the members of SHG shall not be required and CDD of only the office bearers shall suffice. <b>At the time of credit linking of SHGs, banks may undertake KYC verification of all the members in the SHG.</b>
7.1.1(iv)	New Clause	<b>Business Correspondents deployed by banks may also be authorized to open Saving Bank Accounts of the SHGs after verification/approval of the base branch, subject to adherence to extant BC guidelines and in accordance with the bank’s Board approved policy on Business Correspondents. However, ensuring compliance with KYC and AML norms under the BC model continues to be the responsibility of the banks.</b>
7.1.3	New Clause <b>Opening of Current Account of Producer Groups (PGs)</b>	<b>Opening of Current Account of Producer Groups (PGs): In order to facilitate collective production and marketing for their produce, banks are advised to open current account for Producer Groups promoted under DAY-NRLM at village,</b>

		<b>Gram Panchayat, Cluster or higher level. The ‘Know Your Customer’ (KYC) norms for the signatories of such accounts as specified from time to time by Reserve Bank of India would be applicable.</b>
7.1.3 Changed to 7.1.4	<b>Transaction in Savings account of SHGs and Federation of SHGs:</b> SHGs and their federations may be encouraged to transact through their respective saving account on regular basis. To facilitate this, banks are advised to enable transactions in jointly operated savings account of SHGs and their federations with inter-operable facility at retail outlets managed by Business Correspondent Agents. Banks are also advised to extend all such services to SHGs and their federations through Business Correspondent agents permitted vide <a href="#">circular DBOD.No.BAPD.BC.122/22.01.009/2013-14 dated June 24, 2014.</a>	<b>Transaction in Savings/Cash Credit account of SHGs and Federation of SHGs:</b> SHGs and their federations may be encouraged to transact through their respective saving accounts <b>and Cash Credit Loan accounts</b> on regular basis. To facilitate this, banks are advised to enable transactions in jointly operated savings/ <b>Cash Credit account of SHGs and their federations</b> with interoperable facility at retail outlets managed by Business Correspondents. Banks are also advised to extend all such services to SHGs and their federations through Business Correspondents <b>as per their board approved policies.</b>
7.2.3	<b>Cash Credit Limit (CCL):</b> In case of CCL, banks are advised to sanction minimum loan of ` 5 lakhs to each eligible SHGs for a period of 5 years with a yearly drawing power (DP). The drawing power may be enhanced annually based on the repayment performance of the SHG. The drawing power may be calculated as follows: <ul style="list-style-type: none"> <li>• DP for First Year: 6 times of the existing corpus or minimum of ₹ 1 lakh whichever is higher.</li> <li>• DP for Second Year: 8 times of the corpus at the time review/ enhancement or minimum of ₹ 2 lakh, whichever is higher?</li> <li>• DP for Third Year: Minimum of ₹ 3 lakhs based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit history.</li> <li>• DP for Fourth Year onwards: Minimum of ₹ 5 lakhs based on the Micro credit plan prepared by SHG and appraised by the</li> </ul>	<b>Cash Credit Limit (CCL):</b> In case of CCL, banks are advised to sanction <b>minimum loan of ₹ 6 lakh to each eligible SHGs for a period of 3 years</b> with a yearly drawing power (DP). The drawing power may be enhanced annually based on the repayment performance of the SHG. The drawing power may be calculated as follows: <ul style="list-style-type: none"> <li>• DP for First Year: 6 times of the existing corpus or minimum of ₹1 lakh, whichever is higher</li> <li>• DP for Second Year: 8 times of the corpus at the time review/ enhancement or minimum of ₹2 lakh, whichever is higher</li> <li>• <b>DP for Third Year: Minimum of ₹6 lakh</b> based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit history.</li> <li>• DP for Fourth Year onwards: <b>Above ₹6 lakh</b>, based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit</li> </ul>

	<p>Federations /Support agency and the previous credit History.</p> <p><b>Term Loan:</b> In case of Term Loan, banks are advised to sanction loan amount in doses as mentioned below:</p> <ul style="list-style-type: none"> <li>• First Dose: 6 times of the existing corpus or minimum of ₹ 1 lakh whichever is higher.</li> <li>• Second Dose: 8 times of the existing corpus or minimum of ₹ 2 lakh, whichever is higher</li> <li>• Third Dose: Minimum of ₹ 3 lakhs based on the Micro credit plan prepared by the SHGs and appraised by the Federations /Support agency and the previous credit history</li> <li>• Fourth Dose: Minimum of ₹ 5 lakhs based on the Micro credit plan prepared by the SHGs and appraised by the Federations /Support agency and the previous credit History.</li> </ul>	<p>History.</p> <p><b>Term Loan:</b> In case of Term Loan, banks are advised to sanction loan amount in doses as mentioned below:</p> <ul style="list-style-type: none"> <li>• First Dose: 6 times of the existing corpus or minimum of ₹1 lakh, whichever is higher</li> <li>• Second Dose: 8 times of the existing corpus or minimum of ₹2 lakh, whichever is higher</li> <li>• <b>Third Dose: Minimum of ₹6 lakh</b>, based on the Micro credit plan prepared by the SHGs and appraised by the Federations /Support agency and the previous credit history.</li> <li>• <b>Fourth Dose onwards: Above ₹6 lakh</b>, based on the Micro credit plan prepared by the SHGs and appraised by the Federations /Support agency and the previous credit History.</li> </ul>
7.3.2	<p>In order to facilitate use of loans for augmenting livelihoods of SHG members, it is advised that at least 50% of loans above ₹ 2 lakhs and 75% of loans above ₹ 4 lakhs be used primarily for income generating productive purposes. Micro Credit Plan (MCP) prepared by SHGs would form the basis for determining the purpose and usage of loans.</p>	<p>In order to facilitate use of loans for augmenting livelihoods of SHG members, it is advised that at least 50% of loans above ₹2 lakh, 75% of loans above ₹4 lakh <b>and at least 85% of loans above ₹6 lakh be used</b> primarily for income generating productive purposes. Micro Credit Plan (MCP) prepared by SHGs would form the basis for determining the purpose and usage of loans.</p>
7.3.3	<p>Repayment schedule could be as follows:</p> <ul style="list-style-type: none"> <li>• The First year/ first dose of loan will be repaid in 12-18 months in monthly/quarterly instalments.</li> <li>• The Second year/ Second dose of loan will be repaid in 18-24 months in monthly/quarterly instalments</li> <li>• The Third year/ Third dose of loan will be repaid in 24-36 months in monthly/quarterly instalments.</li> <li>• The loan from Fourth year/ Fourth dose onwards has to be repaid between 3-6 years based on the cash flow in monthly/ quarterly installments.</li> </ul>	<p><b>Repayment schedule for Term Loans may be as follows:</b></p> <ul style="list-style-type: none"> <li>• <b>The First dose of loan may be repaid in 24-36 months</b> in monthly/Quarterly Instalments.</li> <li>• <b>The Second dose of loan may be repaid in 36-48 months</b> in monthly/Quarterly instalments.</li> <li>• <b>The Third dose of loan may be repaid in 48-60 months</b> based on the cash flow in monthly/Quarterly instalments.</li> <li>• <b>The loan from Fourth dose onwards may be repaid between 60-84 months based on the cash flow</b> in monthly/ quarterly installments.</li> </ul>

11	<p><b>Deputation of the bank officials to SRLMs.</b> As a measure of strengthening the (DPMUs) / DRDAs and for promoting a better credit environment, deputation of the bank officials to DPMUs/ DRDAs has been suggested. Banks may consider deputing officers at various levels to the State Governments/DRDAs in consultation with them.</p>	Deleted
12	<p><b>New Clause added</b></p>	<p><b>Financial Literacy:</b> Financial Literacy is one of the important strategies to spread awareness on financial behavior and keep households informed about various financial products and services. DAY-NRLM has trained and deployed a large number of cadre called ‘Financial Literacy Community Resource Persons (FL-CRPs)’ to carry out financial literacy camps at village level. Financial Literacy Centers (FLC) established by various banks may coordinate with respective SRLMs and utilize the services of FL-CRPs to conduct village camps on Financial Literacy.</p>
13.2	<p><b>New Clause added</b></p>	<p>Banks should share data of Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) with DAY-NRLM on agreed formats to facilitate higher enrollment and claim settlement under the mentioned scheme</p>
13.3	<p><b>New Clause added</b></p>	<p>Banks to share data of all SHG transactions being done at Business Correspondents points using Dual Authentication technology introduced by banks on a mutually agreed format/interval only after obtaining consent of the customer. However, the banks should ensure preservation and protection of the security and confidentiality of customer information in the custody or possession of BC</p>