F. No. 3/6/2011-MF(part-III)  
Government of India  
Ministry of Finance  
Deptt. of Financial Services  
(AC Section)  

Jeevan Deep Building, Parliament Street,  
New Delhi, Dated: 3rd April, 2013

To,

1) Shri. T. Vijaykumar, Joint Secretary Ministry of Rural Development, Deptt. of Rural Development, Krishi Bhavan, New Delhi  
2) Shri. B.S. Suran, CGM, NABARD, H.O. Mumbai.

Subject: Revised Minutes of the second meeting of the Steering Committee on WSHG scheme held on 20.3.2013 in the Department of Financial Services.

Sir,

I am directed to refer to this Ministry’s email dated 22.3.2013 forwarding the minutes of the second meeting of the Steering Committee on WSHG scheme held on 20.3.2013. The suggestions of the Ministry of Rural Development received vide email dated 28.3.2013 have been incorporated in the minutes. Revised minutes of the meeting are enclosed, for necessary action.

Yours faithfully,

(Manoj Kumar Mishra)  
Under Secretary to GCI

Enclosure: As above

Copy to: PS to JS(IF), PA to Dir(CP/MF)
Minutes of the second meeting of Steering Committee to review the progress of the Women Self Help Group (WSHG) scheme:

A meeting was held on 20.03.2013 under the Chairmanship of Sh. Anurag Jain, Joint Secretary (Financial Services), to review the progress of the Women Self Help Group (WSHG) scheme and to discuss the models proposed by NABARD on payment of service charge to NGO's involved in the scheme. List of participants is enclosed in Annexure. Following points were discussed:

1. NABARD briefed the committee about the progress made under the WSHG scheme. More than 39,000 SHGs have been savings linked under the scheme and about 3800 SHGs have been credit linked. The progress in 7 states Jharkhand, Odisha, Bihar, West Bengal, Maharashtra, Madhya Pradesh and Chhattisgarh has been reasonably good. Awareness campaigns, training of stakeholders, and monitoring efforts are being further strengthened in all states to improve the outcomes under the project.

2. NABARD had formulated three distinct modalities to enable MoRD for reimbursement of service charge to partner NGOs under the WSHG Scheme so as to avoid levying service charge from SHGs as envisaged under the scheme. Out of these three models suggested by NABARD, MORD agreed to the first model. The model envisaged MoRD seeks to park service charges payable with designated nodal branch of the Lead Bank in the district through State Rural Livelihood Mission (SRLM). The implementing banks in turn would claim reimbursement of 5% service charge payable to nodal NGOs from such nodal branch. Deduction from service charge to NGO on account of less recovery will remain with the bank. MoRD would need to issue a circular in this regard to all the SRLMs and NABARD would need to estimate the funds required for this activity in 2013-14.

3. In order to avoid duplicity of efforts in SHG formation by State Rural Livelihood Mission (SRLM) and WSHG efforts, it was suggested that the areas of operation of SRLM and NGOs covered under WSHG needs to be clearly delineated and these should not overlap. Further, wherever, Govt. agencies are working as nodal agencies under WSHG scheme, promotion cost for same group should not be claimed from two sources i.e. NRLM and WSHG Fund. Therefore
the SRLMs should be clearly made aware of the blocks in which the NGOs are working in the WSHG project. Once NRLM activities are desired to be entered to these blocks, the WSHG funding to these NGOs would stop, and SRLM will take over the remaining work.

4. Ministry of Rural Development suggested that the allotment to the NGOs be made on the block-wise basis instead of district wise and it should be readily available in public domain on the website of NABARD. There should be synergy and coordination between NABARD and SRLM at block level. The progress of SHG formation in the WSHG scheme also needs to be made available on the website of NABARD every quarter.

5. NABARD mentioned that it has already made commitments of Rs.132.00 crore and for fresh commitments it needs allocation of funds accordingly, under the scheme. JS, DFS advised NABARD for going ahead in making fresh commitments and informed that a provision of Rs.100 crore has been made in the Budget 2013-14 for the scheme.

6. MoRD suggested that in the non-intensive blocks of SRLM there needs to be an improvement in the quality of NGOs. In order to get a good return on investment made, it was suggested that NABARD should carefully look at the capacity building of NGOs to form groups.

7. JS, MoRD suggested that CEO ZP, PD DRDA should invariably be involved in the work of NGOs at the district level. It was once again suggested that they be included in the WSHG Committee deliberations in the district level. CEO SRLM should be kept in the loop about the work done by NGOs.

8. Banks should be advised to maintain separate data and accounts for groups formed under SHG and JLG for MIS for reporting as many banks are yet to ensure codes for their SHG and JLG lending. DFS will try incorporation of separate code in CBS.

The meeting ended with a vote of thanks to the Chair.
List of participants:  

Department of Financial Services:

1. Sh. Anurag Jain, Joint Secretary  
2. Dr. Alok Pande, Director  

Ministry of Rural Development:

1. Sh. T. Vijay Kumar, Joint Secretary  
2. Ms. Renuka Kumar, Deputy Secretary  

NABARD:

3. Sh. B.S. Suran, CGM, NABARD,  
4. Sh. D.K. Mishra, Dy.GM, NABARD.
DO no. NB.HO/MCID/1089/WSHG/2012-13
18 January 2013

Dear Shri Vijay Kumar,

Revised Minutes of the first meeting of Steering Committee - WSHG scheme

I am in receipt of your letter on thecaptioned subject; which was inadvertently addressed to our
New Delhi Regional Office.

As per the provisions of the WSHG scheme, the participating banks are required to pay a service
charge of 5% p.a. to anchor NGOs involved in the scheme. This amount is payable at monthly
intervals based on average loan outstanding in the account; only after deducting the over dues.
If any. In order to facilitate a simplified and transparent process, the payable amount is to be
credited in the account of the participating NGOs using the CBS system, without seeking any
additional documentation requirements from the concerned NGO.

Further, as suggested in the Steering Committee meeting on 03 October 2012, we had shared
our views with our letter no. NB. MCID/509/WSHG 2/2012-13 dated 06 December 2012. We
are once again suggesting three distinct modalities for reimbursement of service charge by
MoRD to the participating banks to obviate the need for levying these charges from WSHGs.

With warm regards,

Yours sincerely,

(Dr. B S Suran)

Shri T Vijay Kumar
Joint Secretary, MoRD, Government of India
Krishi Bhavan
New Delhi – 110 114

Taking Rural India >> Forward
Annexure

Model I: Parking of fund with nodal branch in the district

Steps involved:

1. Identification of a nodal branch in the district by DLCC; preferably the lead bank

2. District Coordinator of each bank operating under WSHG Scheme shall estimate the fund required for payment of service charge based on loan likely to be disbursed both in case of fresh as well repeat finance to WSHGs.

3. Fund estimate to be forwarded to SRLM of the respective State for necessary approvals.

4. 25% of the total annual estimate to be parked with the nodal branch upfront; to enable releases to the participating banks

5. Individual branch participating under the scheme to make payment of service charge to the participating NGOs as per WSHG guidelines

6. District Coordinator of the respective participating banks to compile the claims from the participating branches of the concerned bank and lodge the consolidated claim with the nodal branch

7. Nodal branch to release the claim to the individual bank based on the claims of the District Coordinator

8. Nodal Branch to furnish utilization certificate to SRLM and claim replenishment of upfront advance on quarterly basis or as and when fund is exhausted.

9. If required, mid-term revision in estimation may be done by the individual district coordinator based on performance under the scheme.

Model II: Parking of fund at the corporate level of participating bank

Steps involved:

1. Individual participating banks to make assessment for requirement of fund at its corporate level for payment of service charge by its participating branches all over the country (150 districts) based on loan likely to be disbursed both in case of fresh as well repeat finance.

2. Fund estimate to be placed before MoRD, GoI for sanction by individual bank at their corporate level.
3. 25% of the total annual estimate to be parked upfront with the corporate office of the bank concerned for release to its participating branches

4. Individual branches participating under the scheme shall pay service charge to the participating NGOs as per WSHG guidelines, by direct debit of the pool account or such other methods to be decided by individual banks.

5. Corporate office shall furnish utilization certificate to MoRD and claim replenishment of upfront advance on quarterly basis or as and when fund is exhausted.

6. If required, mid-term revision in estimation may be done based on performance of the scheme.

Model III: Service Charge to be inbuilt in interest Subvention scheme, if all 150 WSHG districts are being covered under interest subvention

Assuming that, all 150 WSHG districts will be covered under the proposed interest subvention scheme for Women Self Help Groups, the amount of service charge can be subvented to banks by MoRD. In effect, the rate of subvention to banks will be: (interest rate chargeable / base rate) – 7% +(Service charge of 5% net of overdue). One advantage of this model will be that no upfront amount shall be required to be parked with the banks.

Date: 9.07.2013

Dear

As you are aware, NABARD had launched WSHG fund program for the promotion of the women SHGs in 150 districts. (Annexure I) A Steering Committee has been formed at the National level, with representation from DFS, NABARD and NRLM for maintaining uniformity in NRLM and WSHG program. To update you on some important discussions in the Steering Committee meetings, the minutes of the meetings are enclosed (Annexure II and III). The important decisions are as follows:

1. To avoid any duplication of efforts and funds, it is suggested that areas of operation of SRLMs and NGOs should be clearly delineated. It was decided that SRLMs will be clearly made aware of the blocks in which the NGOs are working in the WSHG project. Once NRLM decides to enter these blocks, the WSHG funding to these NGOs would stop and SRLM will take over the remaining work. Also, MoRD has emphasized that the allotments of the NGOs be made block-wise and not district wise. (Refer point no. 3 and 4 in Annexure III for details)

2. MoRD had suggested that 5% incentive, being paid as service charge to the NGOs, for handholding support to the SHGs, should not be loaded to the SHGs. MoRD could fund the same under capacity building. NABARD had suggested 3 modalities to address this concern (Annexure IV) out of which MoRD agreed to the first model. A separate communication on this has been sent to you.

It may be added that the 150 WSG districts are quite distinct from the select 150 districts eligible where SHGs would get loan upfront at 7% and additional 3% on prompt repayment. Both the lists are attached for your reference. (Annexure V)

To resolve conflicts in WSHG scheme and NRLM, it is required that State holds regular meetings with NABARD. It is also advised to provide regular updates on the said subject to keep us updated.

With regards,

Yours sincerely,

Sd/-

(T. Vijay Kumar)

To

All SMDs

1. CGM, NABARD

2. Joint Secretary (DFS), New Delhi

(T Vijay Kumar)