To,

The SMDS/CEOs of SRLM all States/UTs

Subject: Advisory on measures to support various enterprises under NRLM

Sir/madam,

Government of India has announced various measures to support small enterprises that are facing various challenges to the situation arising out of COVID-19. The Ministry has also issued number of advisories related to the role of SHGs in response to COVID-19. In continuation to the earlier advisories, the following directions are being issued to support the existing enterprises under NRLM and utilise the opportunities for enterprise promotion in response to COVID-19.

a. The RBI circular dated 27th March, 2020 had allowed for the rescheduling of term loans and working capital, “The repayment schedule for such loans as also the residual tenor, will be shifted across the board by three months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.”

   Accordingly, all loans provided for Start-up Village Entrepreneurship Programme (SVEP) enterprises under Community Enterprise Funds (CEF) can be provided moratorium for a period of 3 months, with the repayment schedule shifted by 3 months. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period. This is for instalment that are falling due from March 1, 2020 to May 31, 2020.

b. SVEP guidelines allow entrepreneurs who have competed the repayment of the first loan to take up subsequent loans. The relevant sections of the guidelines are provided “In case any enterprise repays the first tranche of loan, then the subsequent tranches of loan to the same enterprise for business expansion can be enhanced by a factor of 25% for each round of loan repayment.”

   SVEP entrepreneurs who have completed the repayment of the first loan from CEF and who require subsequent loans may be provided second loan from CEF subject to meeting all the conditions in the guidelines.
c. Enterprises of SHG members including those supported under SVEP enterprises and other enterprises of SHG members needs to be supported for working capital requirements in the coming months to ensure that enterprises are able to operate during this challenging period.

_NRLM SHGs/ entrepreneurs including SVEP entrepreneurs should be provided working capital loans even if they have outstanding loans from Community Investment Fund (CIF) on a case to case basis after ascertaining the need of the enterprises._

d. As a response to COVID-19, number of State have started production of masks and sanitisers. There will be a requirement to expand these activities in the coming months. Funds may be required for supporting these enterprises. The “Infrastructure and Marketing” head under NRLM has the flexibility for supporting various activities required for supporting enterprises.

The relevant section from NRLM framework is - “It would also provide support for marketing to the institutions of the poor. _The range of activities, in marketing support, includes market research, market intelligence & technology, extension, developing backward and forward linkages and building livelihoods collectives and supporting their business plans. NRLM would encourage and support partnerships with public and private organisations and their networks/associations for these activities, particularly for market linkages_. The _total outlay under this is limited to 20% of the state’s programme outlay._

_SRLMs can use the “Infrastructure and Marketing” component for activities that are needed to support enterprises, both in the farm and non-farm sector in response to COVID-19. States that plan to include activities that have not been approved under AAP can submit proposals which can be considered by EC or can seek post facto approvals. The budget will be within the overall figures that have been approved under AAP for 2020-21. The spending will be limited to the upper ceiling of “20% of the state’s programme outlay”._

e. NRLM also has the provision for “innovative projects/proposals” where proposals have to be submitted by SRLMs. The funding is shared by Central Government and State Government in the same ratio as prescribed for NRLM. The proposals submitted by the States are evaluated at NMMU and approved by EC of MoRD. The guidelines are already shared with the SRLMs.

_States that are planning to implement various projects that are innovative in response to COVID-19 can submit proposals. The proposals can be evaluated by NMMU and will be considered by EC of MoRD._

I once again hope that SHG network will contribute in the fight against COVID-19.

Yours faithfully,

(Leeaa Johri)
Joint Secretary to Government of India