Dear Shri Kumar,

You are kindly aware that N.R.L.M has strong focus on building access to financial services by rural poor women. SHG - Bank linkage is one of the most important pillars of the entire program. For this to happen effectively a comprehensive approach needs to be taken up for stepping-up the S.H.G - Bank linkage in your state. A ‘National Workshop on SHG Bank Linkage’ was held during 28-30 May 2014 at Srinagar where key strategies for accelerating SHG-Bank linkage have been discussed at length. Based on the discussions, an office memorandum was issued on 14th June 2014. I would request you to kindly guide the State Missions accordingly to take effective steps for ensuring flow of bank credit to eligible SHGs effectively.

I am reiterating the important points of the O.M for your perusal and necessary action:

1. It is important to take up a sensitization of all bank branch managers and other senior bankers regarding the importance of S.H.G – bank linkage and to convey the message that S.H.G bank linkage is a good business proposition for the banks. The banks must internalize the provisions of the RBI Master circular on S.H.G – bank linkage vide their letter No. RPCD.GSSD.CO.No.81.09.01.03/2012-13 dated June 27th, 2013. (The circular may be accessed on the Aajeevika website www.aajeevika.gov.in and RBI website at http://www.rbi.org.in/scripts/NotificationUser.aspx.)

2. It must be ensured that the BLBC and DLCC meetings are conducted regularly to improve linkage to S.H.G s and to get feedback on the ground level problems and opportunities. This aspect should be monitored at the district and state level respectively.

3. The SLBC sub- committee on SHG bank linkage should meet regularly, at least once in two months.

4. Immersion and training of SRLM staff and the staff of the D.R.D.A s on SHG Bank linkage is very important and should be arranged.

5. Hold state and district level workshops involving all the controlling officers of banks, LDMs, DDMs-NABARD and S.R.L.M/D.R.D. As to apprise them of the targets and evolve strategies for achievement of the same.

Cont,...
6. Sign MoUs with leading banks operating in your state for SHG bank linkage

7. Position dedicated personnel under SRLM at district level for SHG Bank linkage

8. Disburse interest subvention amount to eligible SHGs

9. Establish a robust mechanism to monitor repayment of SHGs.

Further, a Central Level Coordination Committee (CLCC) meeting with all SRLMs and Banks is scheduled to be held in the month of September, 2014 to review the progress in the SHG Bank Linkage program in the country. Please send your state specific issues related to SHG bank Linkage to NMMU well in advance, so that this could be included in the agenda of the discussion.

With regards,

Yours sincerely,

(T. Vijay Kumar)

Shri Deepak Kumar
Secretary
Rural Development Department
Puducherry Administration
Puducherry