

## **Vishesh Microfinance Yojana (VMY)**

### **1. Introduction**

Since 1997, NHFDC has been financing income generating schemes of the Disabled Persons for their socio-economic empowerment through State Channelizing Agencies (SCAs). In order to expand outreach, NHFDC has also established additional channel for on lending by signing Memorandum of Agreements (MoAs) with Public Sector Banks (PSBs), Regional Rural Banks (RRBs) and Other Institutions.

NHFDC intends to reach out unbanked population of the target group through last mile financiers at reasonable /moderate rates of interest for promoting sustainable and inclusive livelihoods. This would interalia also include supporting projects which facilitate comfortable living for the Divyangjans in the society.

NHFDC believes that partnering with Micro Finance Institutions (MFIs) as well as state level organizations like Livelihood Missions, Swachhh Bharat Mission etc. would be an effective and beneficial approach to promote collective action of the target group by adopting value chain approach in clusters, which can significantly contribute to economic empowerment and general well being of the target group. Efforts would also be made in collaboration with other development partners to mobilise assistance for improving product quality; marketing and developing value chains.

### **2. Objective**

To provide prompt and need based finance for the target group and activities at reasonable rate of interest through NBFC- MFI, Section-8-MFI, and NGO-MFI, SHG Federations, state Government Missions and other state level organizations to pursue small/micro business and developmental activities.

### **3. Eligibility Criteria**

Eligibility norms as followed by SIDBI or NABARD from time to time, for such categories of microfinance lending organizations, would be followed.

The eligibility norms shall be deliberated and recommended by the Loan Screening Committee of the NHFDC based on the prevailing eligibility norms of the SIDBI or NABARD.

### **4. NHFDC Implementing Partner Relationship**

Organisations fulfilling the eligibility criteria may be appointed to act as Implementing Partners of NHFDC for Micro-finance loans. The relationship between NHFDC and the Implementing Partner shall be governed and guided by contractual relationship by signing an Agreement between the parties strictly in accordance with the NHFDC Policy and the terms and conditions of the Agreement.

Notwithstanding anything hereinabove (including Para-3 above), the scheme may also be implemented through Cluster Level Federations (CLFs) of NRLM/ State Livelihood Mission and State Channelizing Agencies of NHFDC.

## **5. Security**

While seeking disbursement from NHFDC, Implementing Agencies shall provide the following security to NHFDC for timely repayment of instalments of the loan sanctioned under this Agreement together with interest thereon:-

- a) Bank Guarantee of Public Sector Bank or Fixed Deposits of Public Sector Bank in the name of "NHFDC" equivalent to the 10% or as per the prevailing norms of the SIDBI/ NABARD, whichever is higher, of the loan amount to be disbursed to them.

The validity period of the Bank Guarantee/Fixed Deposit shall continue until all the dues of the NHFDC have been paid in full or otherwise fully discharged by the Implementing Agencies. In case Implementing Partner has provided Fixed Deposit to the NHFDC, the accrued interest on the instrument along with the deposit instrument shall be released to the Implementing Partner only on successful completion of loan repayments. In the event of default by Implementing Agencies either for the whole or part amount advanced under this Agreement, the Bank Guarantee shall be invoked/the Fixed Deposits along with accrued interest thereon shall be encashed by NHFDC.

However, no such security (in the form of Bank Guarantee/ Fixed Deposits) shall be insisted the scheme (VMY) is implemented through Cluster Level Federations (CLFs) under the guidance of NRLM/SRLM. Moreover for SCA; no additional guarantee be insisted in case there existing state Govt. Guarantee is sufficient.

- b) Post-dated cheques (PDCs) in favour of NHFDC for the remaining amount as security.

The PDCs shall be obtained in line with the repayment schedule for the scheme. In addition, one undated PDC equivalent to the 90% of amount to be disbursed will be obtained.

- c) Exclusive first charge by way of hypothecation on all the book debts and receivables created out of loan availed from NHFDC. Borrower should submit a quarterly CA certificate authenticating the list of borrowers/statement of book debts along with the end use/purpose of loan, amount outstanding and age-wise break-up of overdues.

## **6. Unit Cost**

The unit cost of the Project shall not exceed Rs.60,000/-.

## **7. Quantum of Assistance**

NHFDC's share shall be up to 90% of the project cost. The balance 10% shall be contributed by the Implementing Agencies or other organizations acting as implementing partner of NHFDC, and/or beneficiaries.

## **8. Interest Rate**

NHFDC may charge from the Implementing Agencies such rate of interest as fixed by it from time to time. NHFDC shall allow a spread, as fixed by it in the rate of interest, to be added by the Implementing Agencies in the rate of interest charged by the Implementing Agencies from the Persons with Disabilities (PwD) to be assisted. In no case the Implementing Agencies shall charge higher rate of interest from PwD than as prescribed under lending policy of the Corporation on the amount refinanced by NHFDC.

Uniform Interest of 12.50% p.a. be prescribed for all PwDs doing away with gender based interest rate.

Correspondingly, the rate of interest for lending by NHFDC would be 4.50% p.a. with margin upto 8.00% for the partner agency. In other words, the pattern of charging interest under the scheme shall be as follows:

<b>NHFDC to Implementing Agencies</b>	<b>Interest Spread to Implementing Agencies</b>	<b>Implementing Agencies to Beneficiaries</b>
4.50% p.a.	Upto 8%	Upto 12.50% p.a.

Interest subvention shall be allowed by NHFDC as under:-

For implementing partner:

1% interest subvention would be allowed to the implementing partners on fulfilment of both the following conditions, i.e.

- a) Timely full repayment of dues on yearly basis and,
- b)\* Furnishing of 100% security for the loan exposure of NHFDC

\*Not Applicable for CLF.

For PwD:

1% interest subvention shall be credited by NHFDC directly to the PwD borrower account by Direct Benefit Transfer (DBT). The DBT shall be made after receiving confirmation from implementing partner about on timely full repayment of dues on yearly basis by the PwD (Beneficiary) subject to full repayment having been made by the implementing partner.

## **9. Repayment Period**

The loan amount shall be repaid in quarterly installments within a maximum period of three years from the date of each disbursement including the moratorium period of three months. In addition, 120-days period is allowed for funds utilization. There shall not be any moratorium period for payment of interest.

## **10. Rights of NHFDC :**

In case of any dispute, decision of the Managing Director, NHFDC will be final & binding.

## **11. Other Terms and Conditions :**

Other terms & conditions for the Scheme will be as per the guidelines issued by NHFDC for credit based funding schemes.

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