

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 Agencies Relationship

Organizations fulfilling the eligibility criteria may be appointed to act as Implementing Agencies of NHFDC for Micro-finance loans. The relationship between NHFDC and the Implementing Agency 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.

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 --% 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 Agency has provided Fixed Deposit to the NHFDC, the accrued interest on the instrument along with the deposit instrument shall be released to the Implementing Agency 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.

- 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 to be assisted. In no case the Implementing Agencies shall charge higher rate of interest from persons with disabilities than as prescribed under lending policy of the Corporation on the amount refinanced by NHFDC.

At present, the pattern of charging interest under the scheme shall be as follows;

NHFDC to Implementing Agencies	Interest Spread to Implementing Agencies	Implementing Agencies to Beneficiaries
4% p.a. for Women 5% p.a. for Men	8%	12% p.a. for Women 13% p.a. for Men

The Target Group/implementing partners shall be eligible to get interest subvention of 2% per annum from NHFDC (1% each) on timely full repayment of dues on yearly basis. The amount shall be credited by NHFDC directly to their account by Direct Benefit Transfer (DBT) after receiving information from Implementing Agencies about prompt repayment made by the Target Group subject to full repayment made by Implementing Agencies.

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.
