



राष्ट्रीय अल्पसंख्यक विकास एवं वित्त निगम

(भारत सरकार का उपक्रम, अल्पसंख्यक कार्य मंत्रालय)

National Minorities Development & Finance Corporation
(A Govt. of India Undertaking, Ministry of Minority Affairs)

**NMDFC/Proj./2015/
Dtd.: 09.01.2015**

All SCAs

Sub.: Enhancement of Annual Income eligibility and Loan Slab under NMDFC schemes.

Sir/Madam,


The Board of Directors of NMDFC in its 92nd meeting held on 30.09.2014 has accorded approval for inclusion of one additional Income Eligibility Slab and Loan Slab with higher quantum of loan available under the schemes of NMDFC.

The Board of NMDFC has taken a conscious decision that in addition to existing annual family income eligibility criterion, NMDFC should introduce another annual family income eligibility criterion, for that section of the minority population, which is a little better off than the existing income group of NMDFC beneficiaries. The existing annual family income eligibility criterion is Rs.81,000 & Rs.1.03 lacs for rural & urban areas respectively, which focuses on the group which is barely above the poverty line having almost no economic base & very limited education & skills.

The Board of NMDFC has accorded approval for increasing the annual family income of upto Rs.6.00 lacs by adopting the same criterion as used to identify the "Creamy Layer" amongst the OBC community by Government of India. This will help to widen the horizon of target group of NMDFC and include that section of the minority population, which is although above those poverty line, but never the less need concessional credit to improve their own productivity, skills & education. This group has larger economic base & also the capacity to utilize concessional credit, much more effectively, by using these loans for creation of income, employment generating assets, up-gradation of skills, education and also contribute to higher level of income & employment generation. Thus loans extended to this group would be more secure with better monitoring & repayments. Thus a portion of NMDFC funds can be used for the purpose of extending loan to this group as well.

In view of the above, the existing concessional credit line of NMDFC has been bifurcated into two streams:-

Credit Line 1:- is the existing stream of concessional credit, being disbursed on the basis of existing income limits, at the same concessional interest rate, although the quantum of credit has been increased keeping in view the inflationary pressures & field level demand brought out in the Impact Study & Beneficiary Verification reports.


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Credit Line 2:- concessional credit is provided to this section of Minority population, defined on the basis of "Creamy Layer" criterion of OBC, i.e., Rs.6.00 lacs p.a. It will get concessional credit at a higher rate of interest than available under Credit Line – 1 and will be considered for all schemes of skill development, vocational education training & women empowerment being run by Maulana Azad National Academy for Skills (MANAS). MANAS has been recently established on 11/11/14 by NMDFC as a Special Purpose Vehicle (SPV) set up for meeting all skill development/up-gradation needs of Minority communities. The parameters of Credit line -2 will normally be applicable for the training program under MANAS as well as its collaborators. However persons interested from the Credit line -1 will also be considered for higher quantum of loan with higher interest rates, depending on their suitability, on case to case basis.

The detail of the financing schemes of NMDFC with revised quantum of loan & rates of Interest is given below:-

Credit Line -1

i. Term Loan Scheme

S.No.	Parameters	Scheme Details
1.	Loan Amount	Up to Rs. 20.00 Lakhs
2.	Rate of Interest for beneficiaries	6% p.a.
3.	Rate of Interest for SCAs	3% p.a.
4.	Moratorium period	6 months
5.	Repayment period for beneficiaries	5 years
6.	Repayment period for the SCAs	8 years
7.	Means of Financing; NMDFC: SCA: Benef. contribution	90 : 5 : 5
8.	Utilization Period 3 Months	3 Months

ii. Education Loan Scheme

S.No.	Parameters	Scheme Details
1.	Maximum Loan Amount	Loan amount per beneficiary is:- - Up to Rs.15.00 Lakhs for 'Professional & Job Oriented Degree Courses' in India with a maximum duration of 5 years @ Rs. 3.00 - Up to Rs.20.00 Lakhs for 'Courses Abroad' with a maximum duration of 5 years @ Rs. 4.00 Lakhs per annum.
2.	Rate of Interest for beneficiaries	3%p.a.
3.	Rate of Interest for SCA	1%p.a.
4.	Moratorium period	6 months after completion of the course or getting a job, whichever is earlier.
5.	Delegated authority to SCA to sanction loan	SCAs are advised to sanction/disburse loan based on ground reality.
6.	Repayment period for beneficiaries	5 years
7.	Repayment period for the SCA	5 years
8.	Means of Financing NMDFC : SCA : Beneficiary contribution	90 : 5 : 5

iii. Micro-Finance Scheme

S.N	Parameters	Scheme Details
1.	Loan Amount	Up to Rs. 1.00 lac per member of SCA
2.	Rate of Interest for SCA	1% p.a.
3.	Rate of Interest for NGOs by SCAs	2% p.a. (Margin for SCA 1%)
4.	Rate of Interest for SHGs by NGOs	7% p.a. (Margin for NGO 5%)
5.	Rate of Interest for SHGs by SCAs	7% p.a. (Margin for SCA 6%)
6.	Rate of Interest for Beneficiaries/SHGs	7% p.a.
7.	Rate of Interest for NGOs by NMDFC directly	1% p.a. (Margin for NGO 6% p.a.)
8.	Moratorium period	3 months
9.	Delegated authority to SCA to sanction loan to NGOs/Federation	Limit of Rs.25 Lakhs per NGO/Federation.
10.	Repayment period for the Beneficiaries	3 years
11.	Repayment period for the SCAs/NGOs	4 years / 3 years
12.	Utilization Period for the SCAs /NGOs	3 months / 1 month
13.	Means of Financing ; NMDFC : SCA : Beneficiary contribution	90 : 5 : 5

Credit Line -2

i. Term Loan Scheme

S.No.	Parameters	Scheme Details
1.	Loan Amount	Up to Rs. 30.00 Lakhs
2.	Rate of Interest for beneficiaries	8% p.a. for male beneficiaries 6% p.a for women beneficiaries
3.	Rate of Interest for SCAs	3% p.a.
4.	Moratorium period	6 months
5.	Repayment period for beneficiaries	5 years
6.	Repayment period for the SCAs	8 years
7.	Means of Financing; NMDFC: SCA: Benef. contribution	90 : 5 : 5
8.	Utilization Period 3 Months	3 Months



ii. **Educational Loan Scheme**

S.No.	Parameters	Scheme Details
1.	Loan Amount Maximum	Loan amount per beneficiary is:- - Up to Rs.20.00 Lakhs for 'Professional & Job Oriented Degree Courses' in India with a maximum duration of 5 years @ Rs. 4.00 - Up to Rs.30.00 Lakhs for 'Courses Abroad' with a maximum duration of 5 years @ Rs. 6.00 Lakhs per annum.
2.	Rate of Interest:- for male beneficiaries for beneficiaries for women	8%p.a. 5% p.a.
3.	Rate of Interest for SCA	2%p.a.
4.	Moratorium period	6 months after completion of the course or getting a job, whichever is earlier.
5.	Delegated authority to SCA to sanction loan	SCAs are advised to sanction/disburse loan based on ground reality.
6.	Repayment period for beneficiaries	5 years
7.	Repayment period for the SCA	5 years
8.	Means of Financing NMDFC : SCA : Beneficiary contribution	90 : 5 : 5



iii. Micro Financing Scheme

S.No	Parameters	Scheme Details
1.	Loan Amount	Up to Rs. 1.50 lac per member of SHG Up to Rs.30.00 lacs for a group of 20 members in one SHG
2.	Rate of Interest for SCA	4% p.a. for male beneficiaries 2% p.a for women beneficiaries
3.	Rate of Interest for NGOs by SCAs	5% p.a. (Margin for SCA 1 %) for male beneficiaries 3% p.a (Margin for SCA 1%) for women beneficiaries
4.	Rate of Interest for SHGs by NGOs	10% p.a. (Margin for NGO 5%) for male beneficiaries. 8% p.a. (Margin for NGO 5%) for women beneficiaries.
5.	Rate of Interest for SHGs by SCAs	10% p.a. (Margin for SCA 6 %) for male beneficiaries 8 % p.a (Margin for SCAs 4 %) for women beneficiaries.
6.	Rate of Interest for Beneficiaries/SHGs	10% p.a. in case of male beneficiaries 8 % p.a. for women beneficiaries.
7.	Rate of Interest for NGOs by NMDFC directly	4 % p.a. (Margin for NGO 6% p.a.) for male beneficiaries 2% p.a (Margin for NGO 6% p.a) for women beneficiaries.
8.	Moratorium period	3 months
9.	Delegated authority to SCA to sanction loan to NGOs/Federation	Limit of Rs.25 Lakhs per NGO/ Federation.
10.	Repayment period for the	3 years
11.	Repayment period for the SCAs/NGOs	4 years / 3 years
12.	Utilization Period for the SCAs /NGOs	3 months / 1 month
13.	Means of Financing NMDFC : SCA : Beneficiary contribution	90 : 5 : 5

The conditions as communicated to the SCAs through several LOIs & as laid down in the Reference Manual is applicable for implementation of above financing schemes of NMDFC with higher quantum of loan. These conditions are being reiterated once again below:-

- a). For wider coverage of beneficiaries under the financing schemes of NMDFC, the SCAs may consider to extend mostly small quantum of loans. Out of total disbursement of credit by an SCA, 70% of the loans financed must be for loans not exceeding Rs.5.00 lacs per beneficiary, 20% of the loans financed may be greater than Rs.5.00 lacs but less than Rs.10.00 lacs and only 10% of total loan financed could be for projects with loans greater than Rs.10.00 lacs but less than Rs.20.00 lacs.
- b). Financing of beneficiaries must be need based & proper assessment must be made by the Project Cell in the SCA for sanction & disbursement of loan.

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- c). Loan upto Rs.5.00 lacs may be treated as composite loan while for loan beyond Rs.5.00 lacs, the working capital component must not exceed 40% of total loan amount.
- d). Education loan is part of Term Loan & must not exceed beyond 20% of the Term Loan extended by the SCA during a year. Out of this, 10% should be for fresh Education Loan cases & balance 10% for old cases.
- e). Preference should be given for Education Loan to students who have secured admission to Government Institutions. Education Loan should be extended only for courses with good employment prospects. Out of total Education Loan cases financed by an SCA in a year, 90% cases should be for domestic courses only. Preference should be given to short duration course with high employment potential.
- f). The share of NMDFC in the total loan amount is limited to 90% of the loan amount while 5% each coming from the SCA & the beneficiary.
- g). Loans of more than Rs.5.00 lacs should be disbursed in 2 installments. After disbursement of first 50% of the sanctioned loan, verification of its utilization should be conducted by the SCAs before release of further funds to the beneficiaries. Details of all such cases should be uploaded on the website of SCAs before disbursement of loan to the beneficiaries.
- h). Selection of beneficiary should be strictly based on the AADHAR number of the beneficiary.
- i). The beneficiary must have a bank account at the time of disbursement of loan. In case the beneficiary is not having a bank account, the same should be got opened under the Jan Dhan Yojana of the Prime Minister. All disbursement should be only in the bank account of the beneficiary.
- j). The beneficiary should be encouraged to use the same bank account for the purpose of all his/her business transactions & repayment of loan to the SCA. To keep track of the transactions in the bank account of the beneficiary, the SCA must integrate the bank account details of the beneficiary with its software.
- k). The SCA must submit the utilization certificate indicating whether the loan has been disbursed to male or female beneficiary. This is required for accounting purposes as the interest rate is different & the demand for repayment will be generated accordingly.
- l). The utilization certificate must be accompanied with soft copy of the beneficiary detail in the prescribed format. The soft copy must be provided in excel format only. Utilisation certificate without soft copy will not be accepted by NMDFC and the higher rate of interest on advance funds will continue to be charged by NMDFC.
- m). The utilization detail in respect of beneficiaries financed by the SCA must be up-loaded on to the website of the SCA. Hyperlink may also be provided to NMDFC for checking the same. The SCAs must provide the URL of their website for viewing by NMDFC. NMDFC would be constrained to release further disbursements to an SCA if the last utilization detail has not been up-loaded on to the website of the respective SCA.
- n). For further instructions, please refer the LOI & instructions as laid down in the respective scheme guidelines issued by NMDFC from time to time.

The implementation of the schemes of NMDFC may please started as per the above modifications approved by the Board of NMDFC. The above guidelines & those issued earlier by NMDFC vide Letter of Intent (LOI) & Disbursement Advice must be strictly followed for implementation of schemes of NMDFC. The revised brochure of schemes is being finalized & would be sent to you shortly. You may get it printed in local language & give wide publicity to the schemes & programs of NMDFC in print & electronic media & also by organizing awareness camps in Minority concentration areas so that needy persons can be considered for loan under NMDFC schemes.

This is issued with the approval of M.D., NMDFC.

Thanking you,

Yours faithfully



V. Bhaskar
(V. Bhaskar) 09.01.15
AGM (Finance)