

A HANDBOOK ON FORMING SELF-HELP GROUPS (SHGs)



**National Bank for Agriculture
and Rural Development**

ABOUT THIS HANDBOOK



This handbook is specially prepared for a reasonably educated and helpful local person, who can help the poor to form Self-Help Groups (SHGs).

This book helps to understand the subject in a simple way.

Copies of relevant instructions from the Reserve Bank of India (RBI) and NABARD are given in the annexure to this book.

Some simple formats of the minimum requirement of account registers, membership registers, minutes book, etc., which are generally used by SHGs are given, for guidance.

The formats of the documents to be submitted by the SHGs, while availing loans from banks are also given as annexure to this handbook.

Contents

	Page Nos.
ABOUT THIS HANDBOOK	1
Helping to Form SHGs	3
What is Self Help?	4
How do We Start?	5
How are Groups Formed?	7
How are Group Meetings Organised?	8
How do SHGs take shape?	9
How do SHGs function?	11
Characteristics and Functions of SHGs	12
Linking of SHGs to Bank	15
Step 1 – Opening of S/B Account for the SHG	16
Step 2 – Conduct of internal lending by the SHG	17
Step 3 – Assessment of SHGs	17
Step 4 – Sanction of Credit Facility to the SHG	19
Spreading the Message of SHGs	22
ANNEXURES	23
I. Specimen pages of INTER-SE AGREEMENT TO BE EXECUTED BY THE MEMBERS OF THE SELF-HELP GROUP	23
II. Specimen of APPLICATION TO BE SUBMITTED BY SHG TO BANK	25
III. Format of ARTICLES OF AGREEMENT FOR USE BY BANKS WHILE FINANCING SELF-HELP GROUPS	26
IV. Specimen of Saving A/c. Register maintained by SELF-HELP GROUP	28
V. Specimen of Loan A/c. Register maintained by SELF-HELP GROUP	29
VI. Specimen of CASH BOOK	30
VII. RBI Circular on OPENING OF SAVINGS BANK ACCOUNTS IN THE NAME OF SELF-HELP GROUP	31
Regional Offices of NABARD	32

Helping to Form SHGs

We read and hear about Self-Help Groups (SHGs) often.

Very poor people form SHGs.

They save very small amounts of money.

They lend these small amounts to each other in the SHG.

They also try to solve many of their problems together.

- **Can SHGs be formed in our own village?**
- **Can we help the poor people to form SHGs?**
- **What do we do to help them?**

This booklet tells you in simple terms how to help the poor to form Self-Help Groups.



What is Self Help?

From our childhood days, we hear sayings like

- 'Self help is the best help'
- 'Unity is strength'
- 'United we stand, divided we fall'

We have heard the story of the birds caught in a net.

They could not escape one by one.

But when they flew together in a **group**, they escaped.

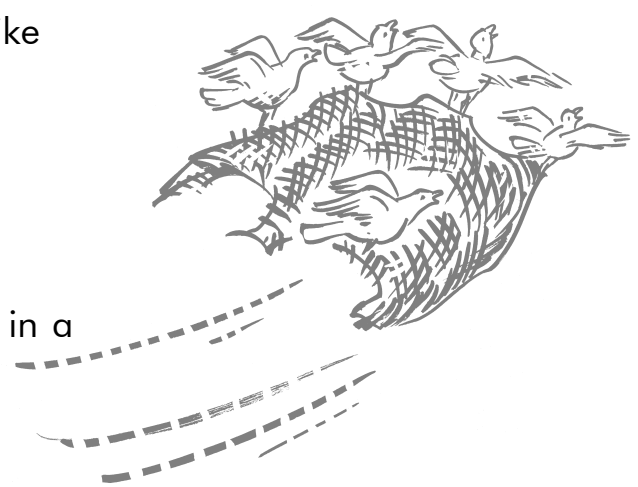
We know that one stick is easy to break.

But it is difficult to break a bundle (**group**) of sticks.

The SHGs show us how unity is strength.

They show us how self help could be the best help.

It is useful if we can encourage and help poor people to form SHGs.



How do We Start?

Even a thousand-mile journey starts with a single step forward.

The first step for forming an SHG is also simple –

- Visit the very poor families in your village
- Talk to them
- If the people do not know you, first talk to them about yourself.

It is important to be known to the people and to win their trust.

- ◆ Talk to the elders in the village, explain your plan to them and request for their support



You will need to keep a small notebook. A list of items is given in page 7. Please copy this list on your notebook. Use it for every family you visit.

Whenever you visit a poor family,

- Speak to the womenfolk
- Ask what is the most important issue for the family
- Write all details as per your list copied from page 7.

Every time you visit such families, please tell them that you are not distributing or promising any subsidy money under any scheme. This is very important to avoid misunderstanding at later stages.

This is called 'Preliminary Survey'. This helps you to understand the needs of each individual family.

You will need to visit the same families again. When you see them for the second time, you will be able to tell each family how you have seen and spoken to other families, who also have very similar problems like them.

By visiting the families, you will be able to know which of those families could come together in Self-Help Groups. You will also understand what their common requirements and problems are.



How are Groups Formed?

When you speak to families in a locality, you will find that some kind of mutual liking already exists between many of them. Some known reasons for mutual affinities are:

- Similar experience of poverty
- Similar living conditions
- Same kind of livelihood
- Same community or caste
- Same place of origin

It will be easy at this stage to find out which families are likely to get together better.

What type of families do we visit, for forming SHGs?

Ask these questions about each family:

1. Does the family have only one earning member?
2. Does the family bring drinking water from far away place?
3. Are the women compelled to go far in the open in the absence of latrine?
4. Are there old illiterate members in the family?
5. Are there permanently ill members in the family?
6. Are there children in the family who do not go to school?
7. Is there a drug addict or a drunkard in the family?
8. Is their house made of *kuccha* material?
9. Do they regularly borrow from the moneylender?
10. Do they eat less than two meals a day?
11. Do they belong to scheduled castes or scheduled tribes?

IF 'YES' IS THE ANSWER FOR THREE OR FOUR OF THESE QUESTIONS, YOU CAN CONSIDER THE FAMILY AS POOR.

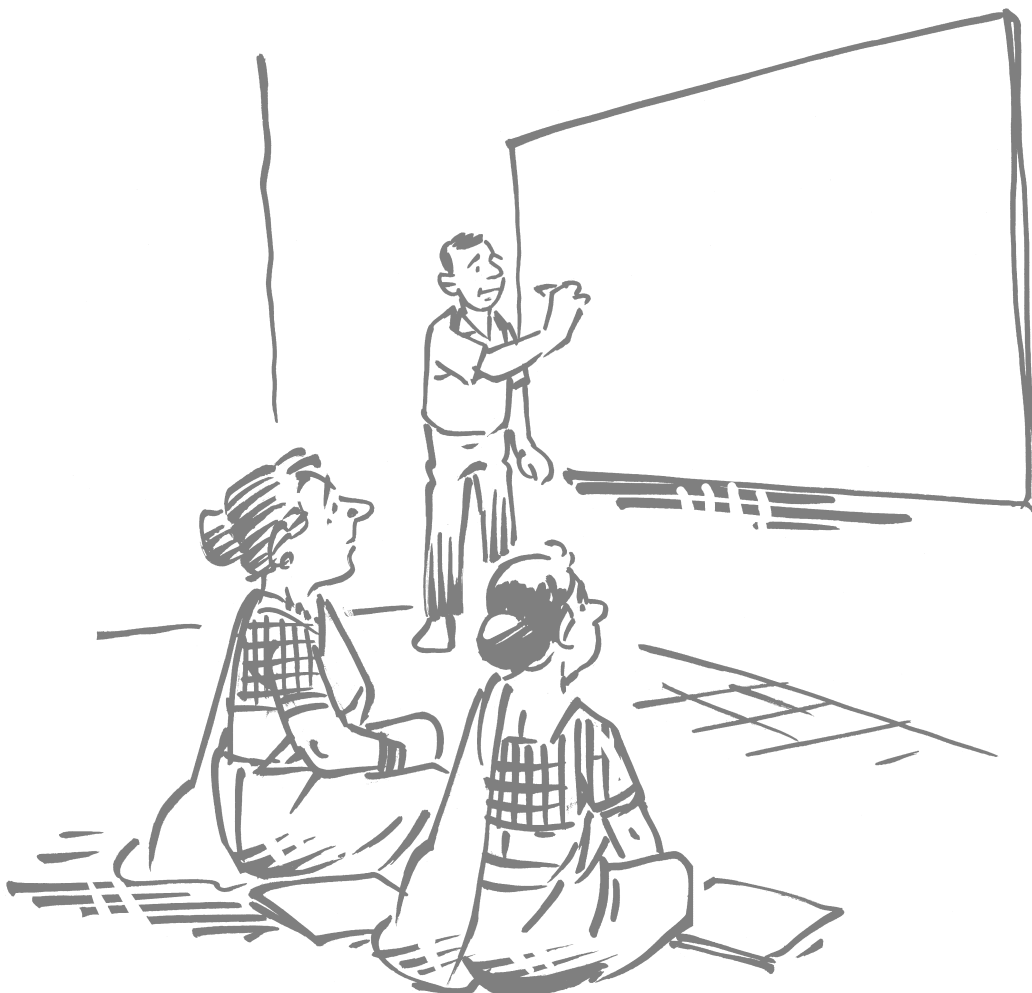
How are Group Meetings Organised?

Before Self-Help Groups are formed, hold a meeting of the community leaders and elders of the village. Explain to them your plan to form SHGs. You will get support from them. This is very important.

- This is called community participation.
- This will also give acceptance to your work in the village.

This is the right time to tell everyone that the meetings are not for “giving” anything, but to “enable” the poor families to come together and help each other.

It will be very useful if you explain the basic principles of Self-Help Group in this meeting.



How do SHGs take shape?

After meeting the elders and community leaders, you are now ready to call SHG members for a meeting. You can get one member from each of the identified families to come for a meeting on a convenient day. This can be called “a start up meeting”.

During the meeting, you will get a lot of questions. Your answers will help them slowly understand the concept further.

Please allow sufficient time for the members to understand the different aspects of group formation.

- The process of forming groups normally takes five to six months.
- Once the group is formed, it takes one to one and a half years to settle to a stable pattern.

Membership

During the initial meetings, following things may happen:

- Some members leave
- Some new members come in
- The members slowly learn to decide subjects for meetings
- They learn to conduct meetings
- They understand the value of records and documents
- They want to remain together and help each other

These are normal stages. This will give you the confidence that you are moving in the right direction.

Leadership

One member of the group needs to take the lead.

How is this person identified?

The best way is to ask the following questions within the group :

QUESTIONS	ANSWERS
Who should decide everything for the SHG ?	All members should decide
Who benefits from the SHG ?	All members benefit
Who should do the work ?	All should share the work
How can the work be shared?	Agree on one person to take up the work by rotation

This way, the members will understand the reason for rotation of the responsibilities. This will make it easy to choose a member to take initiative for the following main activities

- Book keeping
- Organising meetings



How do SHGs function?

Simple rules are required for SHGs to function. The following are some important rules :

- Common agreement on when to meet
- Decision on time and place of meetings
- Agreed penalties for non-attendance
- Agreement on amount of saving
- Giving small loans to each other
- Taking loan from banks, repayment habits

Training of the members is an important need for proper functioning of SHGs. These areas for training could do well to the members :

- Basic mathematics
- Writing of books
- Scheduling of meetings
- Social aspects like women empowerment
- Basics of lending money, borrowing, repaying

Most effective method of training of SHG members is to take them to a good working SHG and allowing free interaction with its members.

Let us now look at an SHG little closely, and understand its characteristics and functions.

Characteristics and Functions of SHGs

■ Characteristics

- ◆ The ideal size of an SHG is 10 to 20 members.
(In a bigger group, members cannot actively participate.)
- ◆ The group need not be registered.
- ◆ From one family, only one member.
(More families can join SHGs this way.)
- ◆ The group consists of either only men or of only women.
(Mixed groups are generally not preferred.)
- ◆ Women's groups are generally found to perform better.
- ◆ Members have the same social and financial background.
(Members interact more freely this way.)
- ◆ The group should meet regularly.
(Members understand each other better if they meet weekly.)
- ◆ Compulsory attendance.
(Full attendance for larger participation.)



■ **Book keeping by the SHG :**

- ◆ Simple and clear books for all transactions to be maintained.
- ◆ If no member is able to maintain the books, someone to be engaged by the group for the purpose.
- ◆ Animator can also help.

- **Minutes Book :**

The proceedings of meetings, the rules of the group, names of the members, etc. are recorded in this book.

- **Savings and Loan Register :**

Shows the savings of members separately and of the group as a whole.

Details of individual loans, repayments, interest collected, balance, etc. are entered here.

- **Weekly Register :**

Summary of receipts and payments on a weekly basis.

Updated every meeting.

- **Members' Pass books :**

Individual members' passbooks encourage regular savings.

■ Functions of SHGs :

(a) Savings and Thrift :

- ◆ The amount may be small, but savings have to be a regular and continuous habit with all the members.
- ◆ 'Savings first — Credit later' should be the motto of every group member.
- ◆ Group members learn how to handle large amounts of cash through savings. This is useful when they use bank loans.

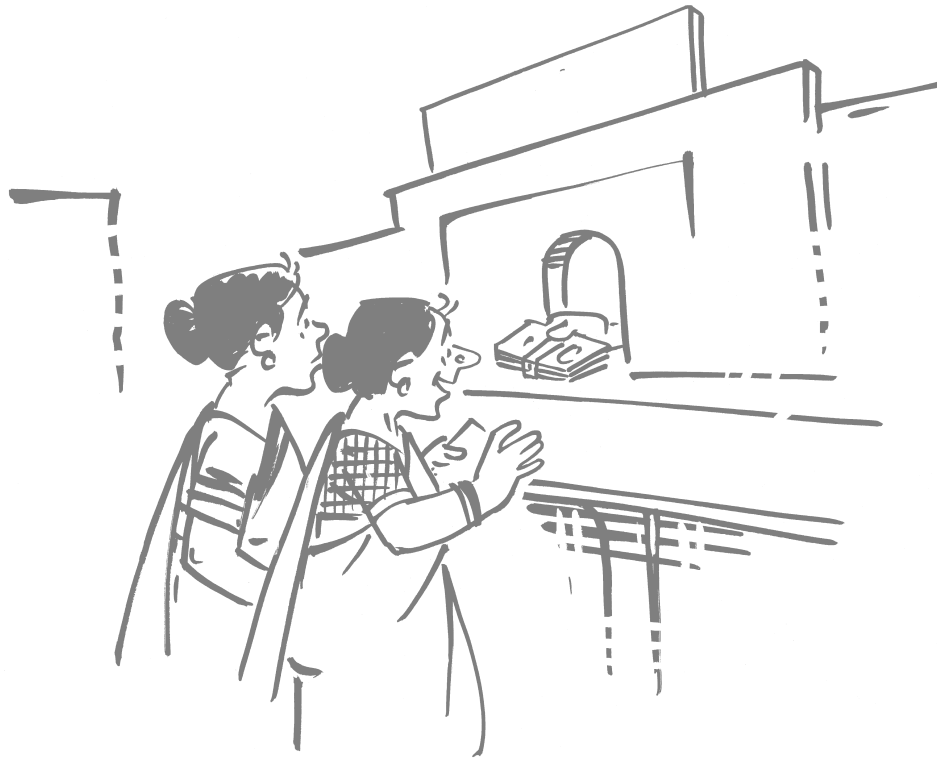
(b) Internal lending :

- ◆ The savings to be used as loans for members.
- ◆ The purpose, amount, rate of interest, etc., to be decided by the group itself.
- ◆ Proper accounts to be kept by the SHG.
(Specimen formats given as an Annexure at the end of this book)
- ◆ Opening savings bank account with bank.
- ◆ Enabling SHG members to obtain loans from banks, and repaying the same.
(Details may be seen in the next chapter)

(c) Discussing problems :

- ◆ Every meeting, the group will discuss and try to find solutions to the problems faced by the members of the group.

Linking of SHGs to Bank



- **Opening of savings bank account**
- **Internal Lending by the SHG**
- **Assessment of the SHG**
- **Checklist for assessment of SHG**
- **Repayment of loans by the SHG**

Soon after an SHG is formed and one or two meetings held where the savings are collected, a savings bank account can be opened in the name of the SHG.

The following steps will explain to you how this can be done.

Step 1 – Opening of S/B Account for the SHG

The Reserve Bank of India has issued instructions to all commercial banks and regional rural banks, permitting them to open SB A/cs of registered or unregistered SHGs.

SB A/c in the name of SHG could be opened after obtaining from the group the following documents:

◆ Resolution from the SHG :

The SHG has to pass a resolution in the group meeting, signed by all members, indicating their decision to open SB A/c with the bank. This resolution should be filed with the bank.

◆ Authorisation from the SHG :

The SHG should authorise at least three members, any two of whom, to jointly operate upon their account. The resolution along with the filled in application form duly introduced by the promoter may be filed with the bank branch.

◆ Copy of the rules and regulations of the SHG :

This is not a must. If the group has not formulated any such rules or regulations, loans can be sanctioned without them.

A savings bank account passbook may be issued to the SHG. This should be in the name of the SHG and not in the name of any individual/s.

Step 2 – Conduct of internal lending by the SHG

- ◆ After saving for a minimum period of 2 to 3 months, the common savings fund should be used by the SHG for lending to its own members.
- ◆ The purpose, terms and conditions for lending to its members, rate of interest etc., may be decided by the group through discussions during its meeting. (RBI and NABARD have permitted the members to decide on these aspects.) The interest is usually kept as 2 or 3 rupees per hundred rupee per month. Please remember that interest per month is better understood in villages, than annual interest.
- ◆ Simple and clear books of account of savings and lending should be kept by the SHG.

(Specimen formats of books to be kept by the SHGs are annexed to this book)

**Through internal lendings,
the members of the SHG will
learn to properly manage,
utilise and repay their SHG loans.
This will be of help,
when they later borrow from the bank.**

Step 3 – Assessment of SHGs

We need to know whether the SHG has been functioning well.

- ◆ The check list given below will help us to assess each SHG in a simple, but effective manner.

CHECK LIST TO ASSESS THE PERFORMANCE OF AN SHG

Sr. No.	Factors to be checked	Very good	Good	Unsatisfactory
1.	Group Size	15 to 20	10 to 15	less than 10
2.	Type of members	Only very poor members	2 or 3 not very poor members	many not poor members
3.	Number of meetings	Four meetings in a month	Two meetings in a month	Less than two meetings in a month
4.	Timings of meetings	Night or after 6 p.m.	Morning between 7 and 9 a.m.	Other timings
5.	Attendance of members	More than 90%	70 to 90%	Less than 70%
6.	Participation of members	Very high level of participation	Medium level of participation	Low level of participation
7.	Savings collection within the group	Four times a month	Three times a month	Less than three times a month
8.	Amount to be saved	Fixed amount	Varying amounts	—
9.	Interest on internal loan	Depending upon the purpose	24 to 36%	More than 36%
10.	Utilisation of Savings amount by SHG	Fully used for loaning to members	Partly used for loaning	Poor utilisation
11.	Loan recoveries	More than 90%	70 to 90%	Less than 70%
12.	Maintenance of books	All books are regularly maintained and updated	Most important registers (minutes, savings, loans, etc.) are updated	Irregular in maintaining and updating books
13.	Accumulated savings	More than Rs. 5000/-	Rs. 3000-5000/-	Less than Rs. 3000/-
14.	Knowledge of the Rules of the SHG	Known to all	—	Not known to all
15.	Education level	More than 20 percent of members can read and write	—	Less than 20 per cent know to read and write
16.	Knowledge of Govt. programs	All are aware of Govt. programs	Most of the members know about Govt. programs	No one knows

Important:

- SHGs with **12 to 16 "very good" factors** can get **loans immediately**.
- SHGs with **10 to 12 "very good" factors** — need **3 to 6 months' time to improve**, before loan is given.
- SHGs with rating of **less than 10 "very good" factors will not be considered for loan**.

Step 4 – Sanction of Credit Facility to the SHG

◆ In whose name is the loan issued?

The loan is *always* sanctioned and issued in the name of the group. (Not in the name of the individual members.)

◆ What is the quantum of loan? How is the quantum decided?

The amount of loan to the SHG can be to the tune of 1 to 4 times of its savings.

◆ What constitutes the savings of the group?

- The group's balance in the SB A/c
- Amount held as cash with the authorised persons
- Amount internally lent amongst the members
- Amount received as interest on the loans
- Any other contributions received by the group like grants, donation, etc.

◆ What are the purposes for which the loan can be given to the SHG?

Loan may be granted by the SHG for various purposes to its members. The bank does not decide the purposes for which the SHG gives loans to its members. The purpose can be emergency needs like illness in the family, marriage, etc. or buying of assets for income generation acquisition of assets. The group will discuss and decide about the purpose for which loans are to be given to its individual members by the SHG.

◆ Who makes the repayment?

The SHG makes the repayment to the bank. (The group is collectively responsible for the repayment of the loan.)

◆ **What is the collateral security for the bank?**

RBI/NABARD rules stipulate that no collateral security should be taken from SHGs by banks.

Collateral security is not necessary for the loans sanctioned to SHGs because :

- The members of SHGs know that the bank loan is their own money like savings.
- They are aware that they are jointly responsible for the repayment.
- Therefore, they exert moral pressure on the borrowing members for repayment.
- Because of this, the bank gets a much better repayment from the SHG.

◆ **Can the bank hold the SB A/c balance of the SHG as a security?**

No. This will prevent the SHG from lending from its internal savings.

◆ **What is the rate of interest to be charged for the loans granted to SHG by the bank?**

- The Reserve Bank of India has allowed the banks freedom to decide on the interest rates to be charged to the SHGs.
- *What is the rate of interest to be charged by the SHGs to its members?*

The rate of interest to be charged by the group to its members should be left to the group. This is usually 2 or 3 rupees per hundred rupees of loans.

◆ List of documents required by banks for lending to SHGs

- (i) Inter-se Agreement to be executed by all the members of the Self Help Group. (This is an agreement by the members with the bank, authorising a minimum of three members to operate the group's account with the bank.)
- (ii) Application to be submitted by SHG to bank branch while applying for loan assistance. (This includes details of the purposes for which the SHG gives loan to its members.)
- (iii) Articles of Agreement for use by the bank while financing SHGs.

(This contains the duly stamped agreement between the bank and the SHG wherein both the parties agree to abide by the terms and condition set thereon.)

(All the above formats are given as annexures to this book.)

The group members are collectively responsible for the repayment of loans to the bank. Under no circumstance, the SHG should allow any of its members to default to the bank.



Spreading the Message of SHGs

How can you spread the message of SHGs?

You can involve effectively in formation, nurturing and linking the SHGs to a local bank. Please get in touch with our regional office in your State, who will be happy to provide you with all information and support in this regard. The address of our Regional Offices is given in page No. 32.

ANNEXURE – I

[TO BE STAMPED AS A GENERAL POWER OF ATTORNEY]

INTER-SE AGREEMENT TO BE EXECUTED BY THE MEMBERS OF THE SELF HELP GROUP

THIS AGREEMENT made _____ this _____ day
of _____ 19_____.

BETWEEN

1. Shri/Smt/Kum. _____ Son/Wife/Daughter
of _____, aged _____ years.
residing at _____; and
2. Shri/Smt/Kum. _____ Son/Wife/Daughter
of _____, aged _____ years.
residing at _____; and
3. Shri/Smt/Kum. _____ Son/Wife/Daughter
of _____, aged _____ years.
residing at _____; and
- 4.
- 5.
- .
- .
- 20.

who are members of the _____ group, hereinafter referred to collectively as "The Self Help Group (SHG) Members" which expression shall, unless repugnant to the context or meaning, include every members of the said SHG and their respective legal heirs, executors and administrators.

WHEREAS all SHG members are residents of _____ Village in _____ taluka
of the _____ State and are known to each other.

WHEREAS the SHG members above named have joined voluntarily together and formed the SHG with intent to carry on savings and credit and other economic activities for mutual benefit subject to the terms and conditions hereinafter appearing :

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT :

1. Each member of the SHG shall save a sum of Rs. _____ (Rupees _____ only) or such sum as may be decided by the Group, on weekly fortnightly/monthly basis which shall be deposited with the authorised member of the group.
2. Each member shall strive for the success of the SHG and shall not act in any manner detrimental to the business interests of the SHG.
3. The SHG members shall be jointly and severally liable for all the debts contracted by the SHG.
4. All assets and goods acquired by the SHG shall be in the joint ownership of all the members of the SHG and shall ordinarily be in the constructive custody of such member as may be authorised by the Group and shall be kept at the place of business at _____ which shall not be changed without consent of the SHG members.
5. The SHG members hereby duly elect and appoint Shri/Smt/Kum. _____ as _____,
Shri/Smt/Kum. _____ as _____,
Shri/Smt/Kum. _____ as _____

[by whatever name designated] to look after and manage the day to day affairs of the SHG's activities and also act in their name and on their behalf in all matters relating thereto. The authorised representatives, may however, be removed at any time by majority vote of the members and new representatives elected.

6. Each of the SHG members hereby agrees to abide by and ratify all such act, deeds and things as the authorised representatives may do in the interest of the said activities.
7. The authorised representatives shall take decisions in the day to day working of the SHG and each representative shall actively involve herself or himself and co-operate in looking after the day-to-day affairs of the SHG activities in particular to attend to the following activities.
 — Every member of the SHG hereby authorises the representatives to apply for the loan on behalf of the SHG and execute necessary agreements/documents on behalf of the SHG for the purpose. The authorised representative may collect loan amounts from the bank on behalf of SHG, deposit the same in the savings account of the SHG for onlending to members in accordance with the decision of the SHG and also deposit recovery of loan instalment from members in the loan account/s of SHG with the bank.
8. The SHG members hereby specifically authorise the representatives:-
 - (i) To open Savings, Fixed Deposits and other accounts in (.....) bank approved by the SHG and operate the same under the joint signature of any two of the following authorised representatives.
 Shri/Smt/Kum. _____
 Shri/Smt/Kum. _____
 Shri/Smt/Kum. _____
 - (ii) To keep or cause to be kept proper books of accounts of the savings, made by the SHG Members, loans granted to them and the recoveries made from them and render every year the full accounts to the SHG members for their approval and adoption;
 - (iii) To receive all payments due to the SHG and issue requisite receipts or acknowledgements for and on behalf of the SHG;
 - (iv) To institute and defend on behalf of the SHG members any legal proceedings and safeguard the interests of each member of the said SHG and for this purpose engage or disengage any lawyer or advocate or agent and incur the necessary legal expenses in connection therewith.
9. In the event of death of any of the members of the SHG, his/her legal heirs shall be entitled for the benefits and be liable for the obligations of the deceased member under this agreement.
10. It is agreed that no new person shall be inducted as a member of the SHG without consent of all the existing members.

IN WITNESS WHEREOF the aforesaid members of the SHG have set their respective hands hereunto at the place _____ and on _____ day of _____ month _____ year first herein appearing.

<i>Name of member SHG</i>	<i>Signature/s/Thumb of the impression</i>
(1) _____	_____
(2) _____	_____
(3) _____	_____
(4) _____	_____
.	
.	
(20) _____	_____

WITNESSES :

(1) _____	_____
(2) _____	_____

(Note: The SHG shall not consist more than 20 persons).

ANNEXURE – II

Specimen of application to be submitted by SHG to Bank
Branch while applying for loan assistance

Name of the Self-Help Group :

Address :

Formed/Established on

Registered : Yes/No

If registered : give number and date and
furnish true copy of the Certificate of Registration.

Number of members in the Group :

Name of SHPI/NGO/VA assisting the Group : if any,

To:

Date

The Branch Manager

_____ Bank

_____ Branch

Dear Sir,

APPLICATION FOR LOAN

We the duly authorised representatives of the above SHG hereby apply for a loan aggregating Rs. _____/- (Rupees _____ only) for on lending to our members. The financial particulars of the group as on _____ are given in the enclosed sheet.
(date)

REPAYMENT SCHEDULE

2. We agree to repay the loan amount as per the repayment schedule which may be fixed by the bank.
3. A copy of the Inter-se Agreement executed by all the members of the group authorising us interalia to borrow on behalf of the SHG is enclosed.
4. We hereby declare that the particulars given above are true and correct to the best of our knowledge and belief.
5. We hereby authorise the Bank to disclose all or any particulars or details or information relating to our loan accounts with the Bank, to any other financial institution including NABARD, Government or any agency as may be considered necessary or desirable by the Bank. It will be in order for the Bank to disqualify the SHG from receiving any credit facilities from the Bank and or recall the entire loan amount or any part thereof granted on this application, if any of the information pertaining to the group, furnished herewith is found incorrect and/or containing misrepresentation of facts.

Yours faithfully,

1. _____

2. _____

[Authorised representatives]

SELF HELP GROUP

Financial Particulars as on

Sr. No.	Particulars	Amount (in Rs.)
1.	Savings from Members	
2.	Seed Money from SHPI [NGO/VA], if any	
3.	Borrowings Outstanding : (Please specify source)	
4.	Loan outstanding against members	
5.	Amount in default, if any, against members	
6.	Recovery percentage	
7.	Cash/bank balance	

ANNEXURE – III

FORMAT OF ARTICLES OF AGREEMENT FOR USE BY BANKS WHILE FINANCING SELF-HELP GROUPS

The Articles of Agreement made on this _____ day of _____
199- _____ at _____ By and Between M/s. _____ [name of SHG]
_____ an unregistered association of persons/individuals having its office at _____

represented by its authorised representative Shri/Smt. _____
(Name)

_____ and Shri/Smt _____
(Designation) (Name)

who are fully authorised by all the members of the SHG, (a copy of such Authorisation is annexed hereto and forms part of this agreement), hereinafter referred to as the "borrower" which expression shall unless repugnant to the subject or context thereof, mean and include members of the unregistered association for the time being, their respective successors, legal heirs, administrators and assigns of the one part and _____ (name of the bank) a body corporate constituted under the _____ Act _____ have its Head Office at _____ and the Branches, interalia, one at _____ hereinafter called "the Bank" which expression shall unless repugnant to the subject or context thereof mean and include its successors and assignees of the second part.

Whereas the borrower is an unregistered association of persons who have interse agreed to help each other as self-help group with a view to developing and ameliorating the socio-economic conditions of their members.

Whereas having formed the association as a self help group, the Borrower as per application dated _____ made by the said

Shri/Smt. _____,
(Name) (Designation)

and Shri/Smt. _____,
(Name) (Designation)

duly authorised to borrow in terms of its resolution dated _____ [copy enclosed] requested the Bank to *grant a loan/extend credit facility of *Rs. _____/- up to the limit of Rs. _____/- (Rupees _____ only) for onlending to its members.

And whereas the Bank has agreed to grant the *loan/extend credit facility to the borrower on certain terms and conditions.

And whereas the Bank and the borrower are desirous of reducing the agreed terms into writing.

Now, therefore, this agreement witnesseth as follows:

1. The Bank has agreed to grant and the borrower has agreed to borrow by way of term loan/cash credit (clean) upto the limit of Rs. _____ /- (Rupees _____ /- only) and the bank has opened (SPECIFY THE KIND OF LOAN ACCOUNT) A/C No. _____ of date _____ /- in the name of the borrower in its book of accounts.
2. In case the facility availed is cash credit the Borrowers will operate the cash credit account satisfactorily and within the limit and the Borrower shall repay the outstanding liability in the account inclusive of interest and other charges debited from time to time on demand without demur.
3. In case loan availed is Demand Loan, without prejudice to the right of the Bank to recall the loan on demand the Borrower undertakes to repay the loan with (*Delete whichever is not applicable) interest and other within the period stipulated in terms of sanction.

4. In case the credit facility availed of by the borrower is a term loan the same shall be repayable in instalments in the manner specified herebelow in the repayment schedule. (to be specified) Besides the borrower will pay interest at the rates that may be prescribed for such lending by RBI/NABARD from time to time.
5. It is clearly understood by and between the parties hereto that in the event of the borrower's failure to utilise the proceeds of the credit facility for the purpose for which the same has been made available by the bank to the borrower, the borrower shall repay immediately on demand without demur together with interest without prejudice to Bank's right to initiate other legal action.
6. The borrower shall pay interest on the loans to be calculated on the daily balances in the loan account and be debited thereto at quarterly rests or as the bank may decide.
7. The borrower should utilise the proceeds of the credit facility for the purpose of lending to its members to improve the socio-economic conditions of their members and their families.
8. The borrower shall repay the credit facility availed of together with interest payable as per the interest rates that may be fixed by RBI/NABARD from time to time for such lendings.
9. The borrower shall be liable to repay the facility on demand together with the interest and other charges payable by the borrower to the bank in accordance with the rules of the bank.

REPAYMENT SCHEDULE

Please specify

In witness whereof the parties hereto have affixed their signature on the _____ date and the _____ month and _____ year first herein above written.

FOR SHG

FOR BANK

(1) AUTHORISED REPRESENTATIVE

(2) AUTHORISED REPRESENTATIVE
MANAGER

ANNEXURE – VII

RESERVE BANK OF INDIA
CENTRAL OFFICE
DEPARTMENT OF BANKING OPERATIONS
& DEVELOPMENT "CENTRE — I"
WORLD TRADE CENTRE, CUFFE PARADE,
COLABA, MUMBAI 400 005

Ref. DBOD. No. BC. 63/13:01:08/92-93

January 4, 1993
Pausa 14, 1914 (S)

All Scheduled Commercial Banks
(including Regional Rural Banks)

Dear Sir,

Opening of Savings Bank Accounts in the name of Self-Help Groups

Please refer to para 3 (i) of our directive DBOD. No. Dir. BC. 151/C.347-85 dated 27th December 1985 in terms of which banks have been prohibited from opening of Savings bank accounts in the name of certain bodies/organizations. The issue relating to opening of savings bank accounts by Self-Help Groups financed by banks under a pilot project launched by National Bank for Agriculture and Rural Development (c.f. circulars RPCD. No. Plan BC.13/PL-09.22/90-91 dated 24th July 1991 and No. DPD 104/DPD. FS.4631/92-A/91-92 dated 26th February 1992 issued by our Rural Planning and Credit Department and National Bank for Agriculture and Rural Development respectively) has been examined and it has been decided that such Self-Help Groups, registered or unregistered, may be allowed to open Savings Bank Accounts with Banks.

Please acknowledge receipt.

Yours faithfully

(B. D. Nitsure)
Deputy Chief Officer.

Regional Offices of NABARD

1-1-61, R.T.C. 'X' Road,
Post Box No. 1863, Musheerabad
Hyderabad-500 020,
ANDHRA PRADESH
Tel.: (040) 7613088
E-mail : nabhy@hd2.vsnl.net.in

VIP Road,
Bank Tinali, Post Box No. 133
Itanagar-791 111,
ARUNACHAL PRADESH
Tel.: (0360) 212675

Laxmi Bhawan, Dr J C Das Road,
Panbazar, Post Box No. 81
Guwahati-781 001, ASSAM
Tel.: (0361) 513102
E-mail : nabghy@sancharnet.in

4th and 5th floor, Maurya Lok
Complex, Block 'B',
Dak Bunglow Road,
Post Box No. 178
Patna-800 001, BIHAR
Tel.: (0612) 210870
E-mail : nabpat@bih.nic.in

1st floor, Pithalia Complex,
Opp. Trunk Exchange,
K.K. Road, Fagadih Chowk,
Raipur-492 009,
CHATTISGARH
Tel.: 692455, 525907, 522558
E-mail : nabpr@helinfnet.com

3rd Floor, Nazari Bhavan
302, Menezes Braganza Road,
Panaji-403 001, GOA
Tel.: (0832) 420053
E-mail : nabpnj@goatelecom.com

NABARD Tower, Opp Muncipal Garden,
Usmanpura,
Post Box No. 8,
Ahmedabad-380 013,
GUJARAT
Tel.: (079) 7551618
E-mail : nabahm@icenet.net

NABARD Bhavan, Block No.32,
S.D.A. Commercial Complex
Dev Nagar, Kusumpti,
Shimla-171 009,
HIMACHAL PRADESH
Tel.: (0177) 220775
E-mail : nabsim17@sancharnet.in

F-1794 Shastri Nagar Extension,
Post Box No. 2,
Jammu-180 004,
JAMMU AND KASHMIR
Tel.: (0191) 434483
E-mail : nabjam@sancharnet.in

Gautam House,
Kalibabu Street, Upper Bazaar
Ranchi-834 001, JHARKHAND
Tel.: (0651) 208657
E-mail : nab_ran@sancharnet.in

113/1, Jeevan Prakash Building
(Annexe),
J C Road, Post Box No. 29
Bangalore-560 002, KARNATAKA
Tel.: (080) 2225241
E-mail : nabnbg@bgl.vsnl.net.in

Corporation Building Annexe,
Vikas Bhavan Post Office
Post Box No. 6505, Palayam,
Thiruvananthapuram-695 033,
KERALA
Tel.: (0471) 323846
E-mail : nabtvm@md3.vsnl.net.in

E-5, Arera Colony, Bittan Market,
Ravi Shankar Nagar Post Office,
Post Box No. 513,
Bhopal-462 016,
MADHYA PRADESH
Tel.: (0755) 461644
E-mail : nabbp@sancharnet.in

54, Wellesley Road,
Shivaji Nagar Post Box No. 5,
Pune-411 005, MAHARASHTRA
Tel.: (020) 5511083
E-mail : nabpun@pn2.vsnl.net.in

89/686 Lalabung, RIMS Road,
Lamphelpat Post Office,
Imphal-795 004, MANIPUR
Tel.: (0385) 312191
E-mail : nbimphal4@sancharnet.in

Dipu Cottage, Upper Lachumiere,
Shillong-793 001, MEGHALAYA
Tel.: (0364) 227463
E-mail : nabsh@shillong.meg.nic.in

Ramhlun Road (North), Bawngkawn,
Aizawl-796 012, MIZORAM
Tel.: (0389) 340815
E-mail : nabaiz@sancharnet.in

Nagaland State Co-op. Bank Building,
Opposite Fire Station,
Dimapur-797 112, NAGALAND
Tel.: (03862) 27040
E-mail : nabdim@rediffmail.com

3rd Floor, Express Building (Annexe),
10 Bahadur Shaha Zafar Marg,
Post Box No. 12
NEW DELHI-110 002
Tel.: (011) 3319669
E-mail : nabndl@del3.vsnl.net.in

Ankur, 2/1 Nayapalli,
Civic Centre, Post Box No. 179,
Bhubaneswar-751 015, ORISSA
Tel.: (0674) 553884
E-mail : nabbbhu@sancharnet.in

Plot No. 3, Sector 34 - A,
Post Bag No. 7,
Chandigarh-160 022,
PUNJAB & HARYANA
Tel.: (0172) 668174
E-mail : nabard1@sancharnet.in

3, Nehru Place,
Tonk Road, Post Box No. 104,
Jaipur-302 015, RAJASTHAN
Tel.: (0141) 743215
E-mail : nabjpr@sancharnet.in

Om Niwas, Church Road,
PB. No. 46,
Gangtok-737 101, SIKKIM
Tel.: (03592) 23015
E-mail : slg_nabgtk@sancharnet.in

105/106 Mahatma Gandhi Road,
Post Box No. 6074, Nungambakkam,
Chennai-600 034, TAMIL NADU
Tel.: (044) 8273792
E-mail : nabchn@md3.vsnl.net.in

Palace Compound (East),
Uzibari Road, Post Bag No. 9,
Agartala-799 001, TRIPURA
Tel.: (0381) 224125
E-mail : nabagtro@sancharnet.in

Hotel Sunrise Building,
2nd Floor, 113/2, Raipur Road,
Dehradun-248 001, UTTARANCHAL
E-mail : nabarddn@shimlets.com

Commerce House, Habibullah Estate,
11, M. G. Marg, Post Box No. 364,
Hazaratganj, **Lucknow-226 001**
UTTAR PRADESH
Tel.: (0522) 222055
E-mail : nablkn@sancharnet.in

Abhilasha, 2nd Floor,
6 Royd Street, Post Box No. 9083,
Kolkata-700 016,
WEST BENGAL
Tel.: (033) 2294672
E-mail : nabcal@cal.vsnl.net.in

Union Territories

Kannada Sangh Building,
Ground Floor, 18 Tagore Road,
Head Post Office,
Port Blair-744 101,
ANDAMAN & NICOBAR ISLANDS
E-mail : kummur@cal3.vsnl.net.in



microCredit Innovations Department
National Bank for Agriculture and Rural Development
'E' Wing, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051 INDIA
Tel: (91) (22) 2653 0084 Fax: (91) (22) 2652 8141
Website: www.nabard.org. Email: nabmcid@vsnl.com