



Chief Minister's **MICRO FINANCE** Initiative



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Chief Minister's Micro Finance Initiative

Section 1: BACKGROUND

Nagaland is predominantly an agrarian State with around 70% of its working population engaged in agriculture activities. Difficult terrain, fragmented land-holding infrastructure, marketing bottlenecks, high migration to urban areas, and low investment are challenges faced by the sector, resulting in the State importing a large number of food products, including meat, to sustain its population. Nagaland, however, has huge potential in terms of the variety in soil and climatic conditions it offers. The added advantage with the State is that it is still organic and there is a great demand for organic products world over. At the same time, high urbanization also provides an opportunity for improving productivity and providing linkages to food value chains, which in turn can provide gainful employment in the agriculture, allied and small enterprise sectors.

Availability of affordable credit is essential for an individual to harness his or her skills to run businesses, create livelihoods and in the case of poor, fight poverty. There are a number of central government schemes that are being implemented in the State, in the agriculture and allied sectors as well as aimed at small entrepreneurs, individuals and Self-Help Groups. Despite this, the offtake of credit to others than to the government sectors has, however not been as per expectations.

With a view to encouraging credit for carrying out economic activities, the omnibus scheme under the name and nomenclature of CM's Micro Finance Initiative has been approved by the Government. The scheme will have the following **four** components:

- i. Provide for interest subvention or subsidy for credit extended by banks to ***new borrowers under the category of*** Self-Help Groups, Farmer Producer Organizations and Individuals for identified activities.
- ii. Provide for additional interest subvention, over and above what is already provided in Existing central government schemes to make credit more attractive and affordable.
- iii. Provide collateral free credit access to Entrepreneurs for Micro and Small Enterprise. Beneficiaries seeking non-subsidy linked loans and fresh beneficiaries seeking subsidy linked loans.

Objectives of the Scheme

1. To increase farmers income by increasing investment in the sector, quality inputs, and technology.
2. To promote investment in Agri & Allied and in the small enterprise sectors.
3. To promote credit discipline and encourage the Banking Sector to support Agricultural and small enterprise sectors in the State.
4. To improve the Agri-marketing network and infrastructure in the State.
5. To promote private enterprise.
6. To provid90894e collateral free credit access to aspiring entrepreneurs.

Section 2: SCHEME GUIDELINES

1. Scheme Implementing Agencies

1. At the State HQ Level
 - i. Nodal Department shall be the Finance Department.
 - ii. Department of Agriculture, Horticulture, Veterinary and Animal Husbandry, Fisheries, Industries & Commerce, Nagaland State Rural Livelihood Mission and Investment & Development Authority of Nagaland shall provide the necessary technical support.
2. At the District Level
 - i. District Level Implementation cum Monitoring Committee (DLIMC) headed by the Deputy Commissioner.
 - ii. Participating Banks.

2. Salient Features of the Scheme

The proposed Scheme is a bank credit-linked subsidy scheme to be implemented in a time-bound manner with participation from various stakeholders - government, bankers, farmers and entrepreneurs. Broad features of the scheme are:

1. All banks, including the Nagaland Cooperative Banks will be eligible, and shall be encouraged to participate in the Scheme.
2. There will be a district-wise allocation, which will be decided by a State Level Committee headed by the Chief Secretary. This will help avoid skewed distribution of projects regionally.
3. Equal emphasis will be given to all projects, with focus on bankability rather than a particular trade/activity.
4. The borrowers under the scheme will be monitored at the district- level by an Implementation Committee headed by the Deputy Commissioner and with members drawn from the various departments. Extension of support to the beneficiaries will be provided by the respective departments. The scheme will involve active participation of the banks and the district machinery to transfer the benefits of the subsidy assistance while creating sustainable livelihoods.
5. The application will be scrutinized by the concerned Bank Branch and where required the technical inputs from Nodal Department may be sought for finalizing the beneficiaries seeking capital-subsidy that too only in cases where loan amount is above 10 Lakhs. For all other category of beneficiaries, banks shall do the due diligence.
6. The banks shall disburse the entire approved loan and subsidy. The subsidy shall be back-ended and disbursed through the banks. The controlling office or the nodal bank of the financing bank shall submit the claims immediately after release of the first installment of the loan.
7. The details of the eligibility criteria, pattern of assistance, the procedures to be adopted and the framework of guidelines for implementing the scheme shall be as laid down in this scheme.

3. Eligible Beneficiaries

- A. Individual Farmers and Entrepreneurs who are keen to invest in Agri-allied activities, Entrepreneurs and other activities for a better livelihood would be assisted as per the norms of the Scheme.

Eligibility Criteria

- i. They should not be defaulters to any bank.
 - ii. They should not be serving Government Employees.
 - iii. They should have sufficient land for land-based activity in the name of borrower or on lease with remaining period of the lease agreement not less than the tenure of the loan. In case of non-cadastral areas, a document issued by the concerned Village Council and countersigned by the area administrative officer certifying the land-holding shall be sufficient for the purpose.
 - iv. They should generally have adequate experience or training in respect of the activity for which they seek assistance.
- B. **Self Help Groups:** SHGs have been a key element of credit extension to the poor and small entrepreneurs. They undertake activities in a group mode which benefit the community as well as provide meaningful livelihood opportunities to the members. SHGs have been supported under various programs being implemented in the State. The Government of Nagaland endeavors to further support the SHGs through this scheme to expand the scope of economic activities that can supplement the needs especially of the rural household.

Eligibility Criteria

- i. All SHGs (including non-NSRLM SHGs) fulfilling the Panchasutra concept i.e., holding regular meetings; regular savings; regular inter-loaning; timely repayment; and up-to-date books of accounts shall be considered for assistance under the Scheme.
 - ii. SHGs would be financed, primarily, by the bank where they have their Bank Account.
 - iii. SHGs shall be graded on the basis of the “Panchsutra” concept.
 - iv. The group members should have sufficient land, either self-owned or on lease, to carryout land-based activities.
- C. **Farmer Producer Organizations** (Registered under Societies Act, Co-operative Societies Act or Company Act): Farmer Producer Organizations are Farmers’ Collectives with characteristics of legal personality and limited liability similar to a company, can attract investments, modern technology, catalyze aggregating and marketing of bulk produce to fetch better remuneration and in turn lead to improved means of production. Although very few in number at present, in the state, they present huge opportunities and have been considered as eligible entities under the scheme.

Eligibility Criteria

- i. The FPO should have been registered and should have at least three years Audited Balance Sheet.
- ii. Board members of FPOs and all members should be non-defaulters to any bank/financial institutions.
- iii. The FPO should not be in losses.
- iv. The FPO should have at least 100 shareholders and minimum paid up capital of Rs 1,00,000.
- v. The activity should be relevant to the prime activity of the FPO.
- vi. The maximum borrowing of the FPO should be restricted to 2/3rd of their paid-up share capital or as per the borrowing power of their bye-laws.
- vii. At least 80% members should be participating in and benefitted by the FPO either through supply of input or aggregation of produce and marketing.

4. Eligible lending institutions

As the subsidy is credit linked, the projects will be eligible for subsidy only if financed by either a commercial bank (Public & Private Sector Banks), the Nagaland Rural Bank or the Nagaland State Cooperative Bank.

5. Funding Pattern and Subsidy Support

1. Financing through Banks

All banks in the State of Nagaland will be eligible as lending Institution in the Scheme

- All participating banks must develop product codes for the Scheme.
- The quantum of loan, subsidy and borrower's margin will be as follows:

Sl. No	Particulars	Share in Project Cost
1.	Beneficiary	Minimum 10%
2.	Bank Finance	Maximum 60%
3.	Back ended Subsidy from Government of Nagaland	Fixed at 30%

- In addition to the above the State Government will provide Interest subvention of additional 4% for fresh KCC loans and credit linkage to NSRLM SHGs, over and above the 3% provided by GOI. Loans approved under CMMFI shall not be treated as KCC for the purpose of interest subvention as 6 months moratorium period is already there.
- In case of KCC loan and agriculture infrastructure loans, proposed for subsidy under CMMFI, for loans above 1.6 Lakh, respective VDBs may undertake to provide Credit Guarantee Fund from their fixed deposits. In case of NSRLM SHGs, respective Cluster/Block Level Federations may undertake to provide Credit Guarantee Fund from their Community Investment Support Fund. Bank loan for KCC will be determined as per scale of finance published by NABARD. Bank loan to NSRLM SHGs will be determined as per NRLM/NSRLM guidelines depending on the corpus fund and savings of the SHGs. The applicant may furnish personal guarantee or guarantee of a salaried employee in lieu of VDB guarantee.

- In case of Micro and Small Enterprise loans, loans are mandated to be collateral free up to 10 Lakh for individual borrowers. Beneficiary seeking loans up to 10 lakh and above will have option to seek collateral free loan through CGTMSE Scheme, where in Government of Nagaland shall pay the Annual Guarantee Fee of 0.37% on behalf of the beneficiary.

The commitment from the State govt. shall be in the form of:

- Additional Interest Subvention of 4% on KCC loans.
- Subsidy of 30% on Term Loans for Agricultural-Allied activities, Entrepreneurship and other activities.
- Coverage of Annual Guarantee Fee of 0.37% for small and medium enterprise loans under subsidy category or loans upto 50 lakhs for non-subsidy category.
- Payment of Interest during Moratorium. The mortarium shall be uniform across all projects for a period of 6 months.
- The tenure of loan will be fixed for a maximum of 5 years extendable to 7 years or more at the discretion of the banks.
- Two years lock in period before foreclosure of the loan to prevent loan being claimed only for the purpose of subsidy component rather than actual entrepreneurship/livelihood projects.
- All livestock (cows, sheep, chickens, pigs, etc.) loans shall be mandatory to obtain livestock insurance and this company shall be part of the DPR and loan approval process, wherever insurance coverage is available.

2. Management of Budgetary Support from Govt. of Nagaland

Sl. No.	TYPE OF BUDGETARY SUPPORT	WHEN THE BUDGETARY SUPPORT WILL BE RELEASED	HOW THE BUDGETARY SUPPORT WILL BE RELEASED
1	Additional Interest Subvention	Govt. of Nagaland will release the entire budget allocated for additional interest subvention to SBI Kohima as designated branch of Nodal bank immediately after execution of MoU with SBI Kohima branch.	An MoU will be executed for Fund Management of Govt. Contribution i.e. Subsidy, Additional Interest Subvention and Interest during moratorium by State Bank of India, Kohima Branch and Govt. of Nagaland.
2	Subsidy	Govt. of Nagaland will release the entire budget allocated for subsidy under the scheme to SBI Kohima as designated branch of Nodal bank immediately after execution of MoU with SBI Kohima branch.	The budgetary support will be released in two separate Govt. Current Accounts opened at SBI Kohima Branch asunder:
3	Interest during moratorium period	Govt. of Nagaland will release the entire budget allocated for Interest during moratorium under the scheme to SBI Kohima as designated branch of Nodal bank immediately after execution of MoU with SBI Kohima branch.	i. "SUBSIDY A/C CMsMF INITIATIVE" ii. "INTEREST SUBVENTION & MORATORIUM A/C CMsMF INITIATIVE". iii. AGF CGTMSE A/C CMsMF Initiative.
4	Annual Guarantee Fee for CGTMSE	Govt. of Nagaland will release the entire budget allocated for AGF under the scheme to SBI Kohima as designated branch of Nodal bank immediately after execution of MoU with SBI Kohima branch.	

- SBI, Kohima Branch will be the designated branch of Nodal Bank for management of Govt. budgetary allocations under the scheme "CMs MICRO FINANCE INITIATIVE".
- An MoU will be executed for Fund Management of Govt. budgetary allocations for Subsidy, Additional Interest Subvention and Interest during moratorium by State Bank of India, Kohima Branch and Govt. of Nagaland.
- Govt will release the entire funds allocated for subsidy, interest subvention, AGF and Interest to be paid during moratorium, immediately after execution of Memorandum of Understanding with Sate Bank of India, Kohima Branch.

- For managing Govt. contribution fund, three separate Govt. Current Accounts will be opened with SBI Kohima Branch as under:
 1. “Subsidy A/C CMsMF Initiative”.
 2. “Interest Subvention & Moratorium A/C CMsMF Initiative”.
 3. AGF CGTMSE A/C CMsMF Initiative.

SBI Kohima branch be authorized to debit the respective Govt Current Account for releasing the Govt. Contribution and smooth implementation of the scheme. SBI Kohima branch will submit a MIS-Return to the Govt. every month on the total utilization of the Govt. contribution utilized during the month and the balance outstanding with them.

3. Subsidy Management

- The financing banks will submit its claims cumulative through its controlling office to SBI Kohima Branch on 10th of every month along with a copy of sanction letter and certificate of release of first installment and SBI Kohima Branch will remit the amount of subsidy within a period not exceeding seven working days of receipt of claim.
- After sanction of loan, borrower will arrange for required margin in his/her saving Account as per disbursement schedule of the loan.
- The subsidy received by the financing bank for individual project will be kept in a separate borrower wise account opened in the existing CIF of the borrower as TDR with Zero percent interest rate.
- The adjustment of subsidy will be back-ended. Accordingly, the full project cost including the subsidy amount, but excluding the margin money contribution from the beneficiary, will be disbursed as loan by the financing banks.
- For the purpose of charging interest on the loan component, the subsidy amount is excluded as no interest is to be charged on the subsidy part by the bank. The subsidy lying in the borrowers account will also not earn any interest.

4. Additional Interest Subvention

- State Government will provide Interest subvention of additional 4% for fresh KCC loans and credit linkage to NSRLM SHGs, over and above the 3% provided by GOI on prompt repayment on dues by the borrower.
- The financing banks will submit the interest subvention claim cumulative through its controlling office for each prompt repaying borrower along with proper records of each prompt paying borrower from SBI Kohima Branch after end of every financial year and SBI Kohima Branch will release the interest subvention amount through DBT in the individual account of the respective borrower. As advised by Corporate Centre, in appropriation of such additional interest subvention, Banks existing BGL accounts should not be involved, instead the payment to be made through DBT.

5. Repayment of Interest Obligation during Moratorium

- During the moratorium period, interest will be borne by the State Govt.
- The financing bank will submit the cumulative claim of the interest applied in the loan account of the beneficiary during moratorium within seven days of interest application through its controlling office and SBI Kohima Branch will release the interest claim within seven days of the receipt of claim through DBT directly in

to the loan account of the borrower.

6. Borrower Identification

- 1) Subject matter specialists from the various line departments/ Nodal Department/ NSRLM, **IDAN** shall identify the prospective beneficiaries after due diligence, evaluate and assist them in preparing proposals for submission to the portal.
- 2) The beneficiaries shall have option to submit application online or with support of the supporting government stakeholders or may submit the application online or directly to the Nodal officer.
- 3) The loan applications directly received by the nodal officer shall be uploaded on to the application portal.
- 4) The nodal officer shall assign the application to the banks to conduct due diligence and viability of the projects.
- 5) The Banks shall conduct due diligence of the application forms through their usual credit verification process and through field level credit teams to weed out non-serious beneficiaries.
- 6) The banks shall comment on the viability and financial aspect of the project including existing Non-Performing Assets/Previous bad loans against the applicant if any.
- 7) The nodal officer may simultaneously mark a copy to concerned department for their comments.
- 8) The department scrutiny shall be completed within a period of 10 days, and failing which the application shall be deemed technically and financially sound for screening list of DLIMC.
- 9) Banks and Department shall mark adverse remarks while proposing for rejecting a proposal from DLIMC screening list.
- 10) The banks shall complete the due diligence within 3 weeks period and appraise the committee before holding of the screening committee at DLIMC level.
- 11) Banks shall assist in priority opening of bank accounts wherever DLIMC shortlisted beneficiaries are not having bank accounts with bank and branch allocated/chosen.
- 12) The proposals screened for consideration will then be submitted and District Officer in-charge of the nodal department/NSRLM shall convene the DLIMC Meeting.
- 13) The DLIMC shall hold meeting once every two months or earlier whenever necessary, and the banks shall submit the list of eligible beneficiaries and the list of non-eligible beneficiaries with reasons for non-eligibility.
- 14) The DLIMC shall hold an interaction focusing on the borrower's awareness about the revenue stream, his capacity to invest his own contribution, experience and knowledge about the project/ activity and their suitability for the same etc. and shall award marks against evaluation criteria proposed by SLIMC. Selection of beneficiaries shall be based on the evaluation criteria.
- 15) Beneficiary once rejected in DLIMC level, shall have the right to apply in subsequent DLIMC meeting, with modified proposal rectifying the issues if any highlighted by DLIMC.
- 16) The selected beneficiary list shall be published in Notice Board and in CMMFI website for public information.

7. Procedure for Approval and Implementation

1. Procedure for approval of Loan Application

A) Documentation

- The list of relevant documents required has been provided in Annexure-II. The same may be submitted along with the standard Application format given in the schemes.
- The nodal departments may assist the beneficiaries in preparing the Project Proposal on the lines of the format provided in Annexure-IV.
- Beneficiaries may prepare their DPR on their own or by taking assistance of consultants or by availing assistance from government agencies. It shall not be mandatory to submit DPRs prepared by Government Departments, nor insistence of endorsement of departments are mandatory as bankability of project is part of due diligence of the banking system.
- The list of documents required shall be widely circulated and emphasis will be on a hassle-free process for the beneficiary.
- Any proposal on activities covered in Negative list (**Annexure III**) amended from time to time are not eligible for consideration under the scheme.

B) Collaterals

- In accordance with extant RBI guidelines, collaterals are not required in respect of loans upto 1.60 lakh **for KCC loans** for all purposes **relating to Agri and allied activities**. In case of SHGs no collateral is required upto Rs.10.00 Lakhs KCC Loan Limit.
- In case of all loans that are above 1.60 lakh, **for KCC loans**, the beneficiary will have to provide SARFAESI compliant collateral security in the form of land/property or adequate liquid security in form of cash collateral.
- In absence of any collateral security **for KCC loans above 1.6 Lakh**, personal guarantee good for the full loan amount to be provided. The borrowers covered under Village Development Board **may** provide personal guarantee of the VDB and other borrowers will arrange for personal guarantee of a Govt. employee covering full loan amount including interest payable thereon.
- In accordance with extant RBI guidelines, collaterals are not required in respect of loans upto 10 lakhs for activities under MSME category. In case of SHGs no collateral is required upto Rs.20.00 lakhs Loan Limit.
- The beneficiary will have the option to use CGTMSE as Guarantor for loans above 10 Lakh as per the existing Government of India Mandate for Banks participating in CGTMSE Coverage.
- Banks and Beneficiary can mutually agree to utilize CGTMSE coverage for loans below 10 lakhs.
- Government of Nagaland shall pay the Annual Guarantee Fee for the Beneficiary during the period of the loan.

8. CONVERGENCE WITH OTHER SCHEMES

1) KCC

Loans under KCC are available at a very reasonable rate of interest (RoI) @7%. In case of prompt repayment by the borrowers, i.e. on or before the due-date, the Central Government provides Interest Subvention Incentives @3%. The Government of Nagaland can provide an additional of 4% Interest Subvention to these good paymasters making the KCC loans absolutely interest free.

2) Agriculture Infrastructure Fund

Agriculture infrastructure Fund Scheme is a top up scheme along with all other available State and Central Government Schemes. Subsidy and Interest Subvention under the CM's Micro Finance Scheme can be availed for projects in addition to the AIF Financing facility.

8. INFORMATION SYSTEMS

- 1) The Nodal Bank and the participating banks shall provide a monthly report of the subsidy utilized, disbursement during the month and the balance outstanding with them.
- 2) The banks should also report on the total number of applications received by them from the DLIMC and otherwise, number of applications disposed of during the month, the number of applications pending and reasons thereof.
- 3) Banks shall also report if there are any cases of willful misappropriation or diversion of funds or failure to implement the scheme by the beneficiaries. Appropriate legal action may be initiated by the DLIMC against such beneficiaries and the instances may be communicated to the State Level Implementation-cum-Monitoring Committee (SLIMC) in their meetings so that appropriate safeguards can be put in place to prevent further occurrences.
- 4) In order to ensure effective utilization of the support provided by the Government of Nagaland, it would be desirable for the assets to be verified physically and geo-tagged photos submitted.
- 5) There shall be a portal developed for online application for loans in line with JanSamarth Portal of Government of India.

9. PROJECT HANDHOLDING

The nodal departments, NSRLM and KVKs shall provide overall handholding support as and when required. The responsibilities of the support agencies will be as follows:

- i) The nodal departments, NSRLM, *IDAN* and KVKs shall assist the beneficiaries in preparing the Detailed Project Report (DPR), wherever required and sensitize them about the concepts of incremental income, margin money, collaterals, financial discipline etc.
with the help of the bankers or other resource persons.
- ii) The nodal departments, NSRLM and KVKs shall also guide and assist the beneficiaries regarding selection of quality seeds/ planting material, appropriate farm tools and other inputs. They may also help them in negotiating better prices for their produce either individually or as a group.

10. GENERAL AWARENESS AND TRAINING

The success of the scheme depends on the awareness and publicity of the same amongst the targeted beneficiaries and the concerned departments shall play a vital role in the successful implementation of the scheme. It is also important that the identified borrowers are equipped to undertake the activities for which assistance is sought. The nodal department, NSRLM or KVK shall provide training to the farmers and beneficiaries so that the activities are taken up in a scientific manner, thus yielding maximum surplus to them. Besides trainings, exposure visits may be organized to the fields of progressive farmers or demonstration plots in Agriculture Universities to motivate the farmers. Trainings related to activities may be imparted through Farmers Training Centers, KVK and experts from agriculture and allied departments.

Then shall be a Facilitation Center at Finance Department which shall be managed by a team with a team leader. Members shall be brought in, from line departments.

The provision for training calendar as indicated in the policy shall be effectively implemented through the facility center.

The banks and the implementing departments shall conduct Credit Melas (once every month) to give focused attention to the applicants under the scheme. The Deputy Commissioners shall oversee the conduct of the Credit Melas.

11. MONITORING

- 1) A State Level Implementation-cum-Monitoring Committee (SLIMC) headed by the Chief Secretary will be in-charge of monitoring the implementation of the Scheme and making necessary policy adjustments for removing any difficulties faced during implementation. The Committee will meet at least once in 3 months to review the progress made and to address issues, if any, in implementation of the scheme.
- 2) In the districts, the District Level Implementation-cum-Monitoring Committee (DLIMC) headed by the Deputy Commissioner shall meet at least once every month or whenever required to review the progress, grant extensions and ensure removal of bottlenecks and impediments in the implementation of the scheme.

District Level Implementation cum Monitoring Committee

1.	Deputy Commissioner	Chairperson
2.	PD, DRDA	Member
3.	District Planning Officer	Member
4.	District Agriculture Officer	Member
5.	District Horticulture Officer	Member
6.	Chief Veterinary Officer	Member
7.	District Fishery Officer	Member
8.	GM, District Industries Centre	Member
9.	DDM, NABARD	Member
10.	Lead Bank Manager	Member
11.	All Bank Managers	Member
12.	District Mission Managers	Member

3) The composition of the State level and district level committees will be as follows:

State Level Implementation cum Monitoring Committee

1.	Chief Secretary	Chairperson
2.	Finance Commissioner	Member
3.	Development Commissioner	Member
4.	Agriculture Production Commissioner	Member
5.	Commissioner & Secretary, Industries and Commerce	Member
6.	GM, NABARD	Member
7.	Director, Agriculture	Member
8.	Director, Horticulture	Member
9.	Director, Animal Husbandry & Veterinary Services	Member
10.	Director, Fisheries & Aquatic Resources	Member
11.	Director, Industries & Commerce	Member
12.	MD, NSRLM	Member
13.	SLBC, Convenor	Member
14.	Chairman, Nagaland Rural bank	Member
15.	MD, Nagaland State Co-operative Bank Ltd.	Member
16.	CEO, Tata AIG General Insurance Co. Ltd.	Member
17.	OSD, Credit Outreach & Facilitation Unit, IDAN	Member

12. LOAN RECOVERY MECHANISM

The recovery mechanism of the default loans will be as per the provisions of the Nagaland Recovery of Loan Rules 2009 as amended from time to time.

13. KEY RESPONSIBILITY OF THE STAKEHOLDERS:

A) Govt. of Nagaland

Releasing of subsidy, interest subvention & interest during moratorium.

Selection of beneficiaries

- Line departments like Agriculture, Animal Husbandry, Fishery & NSRLM may identify the prospective beneficiaries after due diligence, evaluate and assist them in preparing proposals for submission to the Banks.
- The line departments shall assist the beneficiary to determine the suitability, technical feasibility and financial viability of the project before placing it before the District Level Implementation & Monitoring Committee (DLIMC). Field visit to the locations may be undertaken, if considered necessary.
- District Level Implementation & Monitoring Committee (DLIMC) to be chaired by Deputy Commissioner of the concerned district and district in-charge of line departments, NSRLM, all bankers of the District will be the members of DLIMC.
- The Committee shall screen the beneficiaries based on the candidate's experience and knowledge about the project/activity and their suitability for the same, ***based on the due diligence report of the respective bank.***

Training and handholding of the selected applicants

- The line departments like Agriculture & Horticulture/Fishery/Animal Husbandry, NSRLM and KVKs to arrange periodical training for the beneficiaries on scientific farming practices including selection of seeds/animals/planting materials, best farming practice etc. They may also help them in marketing their produces with the help of other agencies like State Agriculture Marketing Board, NERAMAC etc.
- They may also assist the beneficiaries in preparing the Detailed Project Report (DPR) wherever required and sensitize them about the concepts of incremental income, margin money, collaterals, financial discipline, etc. with the help of the bankers or other resource persons.

District-wise allocation of target under the scheme

Chief Secretary (Govt. of Nagaland) to chair the State Level Committee for district-wise allocation of the units for the Banks, where SLBC may be included as a member.

Recovery of loans

- Govt. of Nagaland to put in place a robust Community Based Recovery Mechanism like NRLM to ensure regular repayment of the loans. Govt. may engage NSRLM for the purpose.
- Village Development Board (VDB), which is a statutory body, involved in all phases of developmental activities in the villages to take prompt role in recovery of loans in case of default.
- In any case, where loans were given against the fixed deposit of the VDB. VDB shall allow appropriating the bad loan amount from their fixed deposits.
- Govt. of Nagaland may extend help to the Bank in recovery of the loans under Nagaland Recovery of Loan Rules, 2009 by involving concerned Recovery Officials.

Preparing/Revisiting the Scale of Finance

- Office of the Agriculture Production Commissioner (APC), Govt. of Nagaland, who is overall in-charge of agriculture and allied activities in the State to make necessary arrangement to revisit the existing Scale of Finance (SoF) updated for the activities identified under crop loan through State Level Technical Committee (SLTC) comprising of line departments, NABARD and Bank.
- The Scale of Finance for entrepreneurship activities shall be as per the Indicate list at Annexure IV, revised by SLIMC time to time.

B) NABARD

- NABARD may design the model scheme and DPR for bringing out uniformity & benefiting the applicants in preparation of project report to be submitted to DLIMC.

C) STATE BANK OF INDIA AS LENDER

- Lead District Manager or the District Coordinator of SBI (in the district where SBI is not the lead bank) to involve in selection of beneficiaries at District Level to provide inputs on Banking requirements of the individual project.
- Branches to do necessary due diligence like KYC, pre-sanction inspection, viability of the scheme-based availability of inputs/market etc. before sanctioning the loan under the scheme.
- To attend periodical review meeting, if any organized by District Authority to review the progress and implementation of individual projects financed by the Bank.
- To maintain close liaison with line departments, VDBs etc. to monitor the progress and ensure proper end use of funds.
- To inform line departments and VDBs concern, if diversion or misuse of fund is observed.

D) State Bank of India as Nodal Agency for Govt. Fund Management (SBI Kohima Branch)

- The designated branch of Nodal Bank i.e. SBI Kohima branch will execute a 'Memorandum of Understanding' with the Government of Nagaland for management of budgetary allocation for subsidy, interest subvention and interest to be paid during moratorium period.
- As per the MoU, the Govt. of Nagaland shall provide an authority to the designated branch of Nodal Bank (SBI Kohima branch) to debit the Govt. current account and remit the amount to the financing bank.
- The Nodal Bank (SBI Kohima branch) will submit a MIS - Return to the Govt. every month on the total utilization of the subsidy amount, subvention and interest to be paid during moratorium by Govt. of Nagaland.

Annexure I

List of Schemes under the Chief Minister's Micro Finance Initiative and Nodal Departments:

<i>Annexures</i>	Name of the Schemes	Nodal Department
I	Construction of Circular Eco-hatchery and Refrigerated Van	Fisheries and Aquatic Resources
II	Rejuvenation of Animal Husbandry through credit Linkage	Animal Husbandry & Veterinary Services
III	Nagaland Rural Express Yojana (NREY)	Nagaland State Rural Livelihood Mission
IV	Storage facilities and Transportation Vehicles	Department of Agriculture
V	Transportation Vehicles, Post Harvest Processing Units for Banana, Cassava and Jackfruit	Department of Horticulture
VI	Micro Finance Scheme for Micro Enterprises	Department of Industries & Commerce

Annexure II

Application format for Project Proposal or for individual/SHG/ FPO

1	Detailed Project Report
2	Proof of Address
3	Aadhaar Card
4	PAN Card (PAN can be procured post application and can be submitted later)
5	Contact Details
6	License (For trade/business establishments): 1. For Urban Areas: Business trade license in case of business establishment in urban areas. 2. For Rural Areas: NOC from village council if business is under rural areas.
7	3 Passport size photos
8	Bank Account Details (If it exists, otherwise have to open new account with the bank approving the loan)
9	Udhyam Registration (For MSME projects and not for core Agri projects)
10	Land Holding certificate (only for Piggery Loans and other Livestock loans excluding Mithun rearing)

***For Sl. No. 7 SHGs & FPOs have to submit 3 passport size photos of any two of the following-**

- 1. Treasurer**
- 2. Chairman**
- 3. Secretary**

Annexure III

Negative List:

1. Production, manufacturing and sale of intoxicating items excluding local wine and local rice beer.
2. Manufacturing of polythene bags less than 20-micron thickness, manufacturing of carry bags, containers made of recycled plastics for storing, carrying, dispensing, packaging of food and any other items which cause environmental problems.
3. Production of Arms and Ammunitions.
4. Mining.
5. Activities that promote gambling including online gambling.
6. Any other to be added by SLIMC.

Annexure IV

SECTION IV: Tentative Scale of Finance for Capital Subsidy

The beneficiary will be eligible to prepare proposal higher than the amount proposed in the tentative scale of finance, the banks may have the liberty to approve the same against verification of the financial viability of the project. The subsidy shall be limited to 30% of the maximum cap provided for each category or 30% of the project cost whichever is lesser. For agricultural projects cost can be in multiples of unit cost.

Sl. No	Project description	Total Project Cost
1	Provision Store/General Store	₹13,00,000
2	Automobile services	₹15,00,000
3	Reverse osmosis plant (1000 LPH)	₹10,00,000
4	Craft Industry: Handloom/weaving center/ carpentry/Pottery/Stone Crafting	₹9,00,000
5	Hydroponic farming	₹10,50,000
6	Xerox and Printing center (excluding Press)	₹7,00,000
7	Winery	₹14,00,000
8	Ambulance services	₹15,00,000
9	Software Services/Computer Training Centre	₹13,50,000
10	E-commerce, Delivery Centers, Transport Services & Transport Vehicle	₹15,00,000
11	Music training Centre/Art Training/Graphics Training	₹10,00,000
12	Psychiatric counselling Centre	₹10,00,000
13	Pharmacy	₹10,00,000
14	Homestay	₹10,00,000
15	Mobile Food Unit/ Food Delivery/ Mobile Food Van	₹10,00,000
16	Gym and Fitness Centre	₹10,00,000
17	Auto Garage	₹10,00,000
18	Fruit/Food Processing	₹10,00,000
19	Consultancy Service (Construction/Legal/Projects/etc.)	₹10,00,000
20	Sporting activity including sports rentals, private badminton court, Astro turf etc,	₹10,00,000
21	Accessory Shop	₹10,00,000
22	Salon, Hair and make-up	₹10,00,000
23	Hardware store/Electrical Store/	₹10,00,000
24	Printing Press/Vernacular news paper	₹13,50,000
25	Cutting & Tailoring/ Tailoring Training	₹10,00,000
26	Furniture Manufacturing	₹10,00,000

27	Bakery	₹ 9,00,000
28	Cafeteria	₹ 10,00,000
29	Education Training Centre	₹ 10,00,000
30	BS 6 Auto repair Franchise	₹ 15,00,000
31	Fabrication (Aluminium/Steel/etc)	₹ 10,00,000
32	Fashion and Design including interior décor and wall paneling	₹ 10,00,000
33	Brick Manufacturing (Clay/Stone Dust)	₹10,00,000
34	Feed Making Unit	₹ 10,00,000
35	Drinking Water Supply	₹ 10,00,000
36	Innovative Projects – e.g. Battery water Unit, Hydroponics Unit	₹10,00,000
37	Cold Storage	₹ 10,00,000
38	Warehouse	₹ 10,00,000
39	White Label ATMs	₹ 10,00,000
40	Floriculture	₹ 10,00,000
41	barbed wire/chain linked fence unit	₹ 10,00,000
42	Event planning/management	₹ 15,00,000
43	Sustainable textile related activities (banana fibre extraction)	₹ 10,00,000
44	Pig rearing and fattening Unit (3F + 1 M)	₹ 1,30,300
45	Pig Breeding Farm (20 F + 2 M)	₹ 8,09,500
46	Retail Outlets (Maximum)	₹ 10,00,000
47	Goat Farming	
	10F + 1 M	₹ 70,500/unit
	20F + 1 M	₹ 1,33,000/unit
	40F + 2 M	₹ 2,61,000/unit
48	Goat Breeding Unit (100F +5M)	₹ 5,90,000/unit
49	Refrigerated transport vehicle	₹ 15,00,000
50	Boiler Farm	
	1000 Bird Unit	₹ 2,87,500/unit
	5000 Bird Unit	₹14,22,500/unit
51	Layer Farm 1000 Birds	₹ 8,50,000/unit
52	Duck Farm (100F + 1 M)	₹ 81,400/unit
53	Feed Mixing Units	₹15,00,000
54	Refrigerated Vans	₹ 16,00,000
55	Citrus cultivation	₹ 91,500/unit
56	Pineapple cultivation	₹ 1,57,400/unit
57	Passion Fruit	₹ 92,000/unit

58	Litchi cultivation	₹73,973/unit
59	Mango cultivation	₹95,200/unit
60	Papaya cultivation	₹66,000/unit
61	Banana cultivation	₹1,15,900/unit
62	Dragon Fruit	₹20,99,360/unit capped at 15 lakhs for subsidy calculation.
63	Cardamom cultivation	₹3,07,700/unit
64	Rubber cultivation	₹3,56,600/unit
65	Tea Cultivation	₹8,26,700/unit
66	Coffee Cultivation	₹86,000/unit
67	Oyster Mushroom	₹35,000/unit
68	Beekeeping (Stingless Bee) (10 Colonies)	₹45,020/unit
69	Beekeeping (native species: api serena)	₹48,140
70	Small dairy - Cross Bred Cows (Cross Bred Jersey / HF with average milk yield 8-10 LDP#/ animal 1+1)	₹1,80,400/unit
71	Commercial dairy - Cross Bred Cows (Jersey CB/HF CB Cows yielding 8 to 10 litres of milk per day 5+5)	₹9,04,500/unit
72	10 Female Calf rearing - Calf from good genetic potential mother)	₹2,65,000/unit
73	Private Veterinary Clinic – Stationary	₹4,00,000/unit
74	Private Veterinary Clinic - Mobile (Clinic + two-wheeler)	₹4,60,000/unit
75	Traditional fish culture (Existing water bodies without excavation (1 bigha/0.33 acre/1340 m2))	₹52,500/unit
76	Traditional fish culture (Existing water bodies with 0.3 m excavation (1 bigha/0.33 acre/1340 m2))	₹1,00,700/unit
77	Traditional fish culture (Existing water bodies with 0.5 m excavation (1 bigha /0.33 acre/ 1340 m2))	₹1,33,000/unit
78	Fish seed rearing pond (0.1 ha water spread)	₹1,51,600/unit
79	Ornamental Fish rearing (Earthen ponds (200 Sq. M area))	₹69,700/unit
80	Integrated fish culture in pond (1 bigha/1340 m2 with poultry (40 no. Of lit birds)	₹1,84,000/unit
81	Integrated fish culture in pond (1 bigha/1340 m2 with duckery (20 nos.))	₹1,40,500/unit
82	Integrated fish culture in pond ((1 bigha/1340 m2) with piggery (5 nos.))	₹1,79,000/unit
83	Sericulture (As per Unit cost of NABARD)	₹31,000 to ₹10,00,000//unit
84	Upgradation of CSC	₹5,00,000
85	SHG Support	₹10,00,000
86	Service Sector: Organized services including Call center/ Cleaning/ Electrical/ Construction/ home delivery etc. with employment of 3 or more additional manpower other than proprietor.	₹10,00,000

87	Taxis: 2-wheeler/4 wheeler/tourist Taxi	₹50,000 - ₹15,00,000
88	Entrepreneurship activities for which specific unit cost is not mentioned	₹10,00,000

Annexure V

Project Evaluation Matrix

Sl. No.	Evaluation Criteria for Entrepreneurship Loan	Weightage
1	Relevance: Relevance for District and the location where it is proposed.	5
2	Sector Diversification: Does it add to the diversity of economic activities of District and the Projects under consideration under CMMFI.	5
3	Experience/Skill/Knowledge of Beneficiary: Does he/she possesses the Skill/ is Trained/ have sufficient knowledge/ have past experience/ have a solid business plan that is clearly conveyed to DLIMC with conviction.	20
4	Employment Generation: Potential to Generate employment in terms of number of employments Generated (2 points for each additional employment generated excluding the beneficiary, to a maximum of 10 points).	20
5	Regional Spread: Does it add to regional Spread of providing loans to beneficiaries from various blocks of the district and other deserving areas. This is to avoid concentration of beneficiaries of a district in a particular town or urban area or village.	5
6	Innovative Project: Project that stands out from routine projects	10
7	Linkages: Projects that add value and strength to market linkages/credit linkages like cold storages, warehouse, transport vehicle, White Label ATM etc.	5
8	Value Addition: Projects that are aimed at value addition to primary products or secondary sector and add value to other livelihood projects in the District/State.	10
9	Small Livelihood Projects/entrepreneurship: Projects below 2 Lakh*	20
	*Backyard farming/small loans only open to widows, single mothers and others below poverty line.	

Annexure VI

Part A: Format for Evaluation of SHG in respect of project proposed

Sl. No.	Parameter	Max. Marks	Marks Scored
1	Members engaged in Group activity		
	i. Yes	15/15	
	ii. Majority Engaged in group activity	10/15	
	iii. No	6/15	
2	Knowledge about the Project activity		
	i. Have experience and training	15/15	
	ii. Have experience but no training	12/15	
	iii. Have training but no experience	9/15	
	iv. Have no experience or training	0/15	
3	Economic Condition of the Group members		
	i. Average annual income of members >`2.00lakh	10/10	
	ii. Average annual income of members >`1.50lakh	8/10	
	iii. Average annual income of members >`1.00lakh	6/10	
	iv. Average annual income of members >`0.50lakh	4/10	
4	Availability of Land/Resources for the activity		
	i. Adequate land owned by members	15/15	
	ii. Project to be implemented on own /leased land	12/15	
	iii. Project to be implemented only on a leased land	10/15	
	(Note: -Geo-coordinates of land to be provided.)		
5	Suitability of land for Project (Certified by Technical Expert)		
	i. Yes	10/10	
	ii. No	0/10	
6	Whether source of irrigation is available?		
	i. Yes	5/5	
	ii. No	2/5	
7	Knowledge of Forward and Backward linkages		
	i. Yes	5/5	
	ii. No	3/5	
8	Income from other sources		
	i. Yes	5/5	
	ii. No	4/5	
9	Source of Margin money for Project		
	i. Own contribution only	10/10	
	ii. Both loan + own contribution	7/10	
	iii. Loan only	5/10	

10	Whether Activity/Business Plan for the said project has been prepared/understood by the members		
	i. Yes	10/10	
	ii. Partially understood	6/10	
	iii. Not understood	0/10	
TOTAL		100	

- **Minimum marks to be scored in Part A-65**
- **Against SHGs details as per Part B**

PART B: SHG MEMBERS DETAILS (List of beneficiaries)

Sl. No	Name and Age	Past occupation/ Activities of beneficiary	Contribution to Project

Annexure VII

MIS-TO BE SUBMITTED BY BANKS ON MONTHLY BASIS

Name of the bank:
Name of the branch:

PART-I

(DETAILS OF APPLICATION RECEIVED & SANCTIONED DURING THE MONTH)

S/N	Beneficiary Name & Address mobile no	Name of proposal	TFO as per proposal	Eligible bank loan	Date of Receipt	Date of Sanction	Date of 1 st Disbursement	Reason for delay if any

MIS-PART II

(BENEFICIARY WISE DETAILS OF SANCTION & RELEASE DURING THE MONTH)

S/N	Beneficiary Name	Date of Sanction	Amount sanctioned	Margin Money	Subsidy claimed	Subsidy received	Amount Disbursed	Subsidy credited to loan A/c

PART III (CUMULATIVE DETAILS-DISBURSEMENT OF SUBSIDY)

S/N	Date of DLIMC Meeting	Rate of receipt of Applications by Bank	No. of Applications received	Amount of loan sanctioned	Total Eligible Subsidy	Date of Claim for subsidy	Date of receipt of subsidy	Amount of Subsidy released	Amount of subsidy o/s

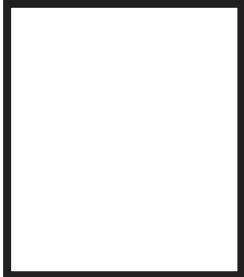
PART-IV (DETAILS OF MISUTILIZATION/DIVERSION OF FUNDS, IRREGULAR A/Cs)

S/N	Beneficiary Name	Name of proposal	Total amount released	Date of Last Release	Repayments Due (Y/N)	A/c Regular (Y/N)	Date of Field visit	Utilized (Y/N)	Nature of Misutilization, if any

Annexure VIII

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1. Recommendation of the DLIMC: _____



2. Remarks of Deputy Commissioner: _____

Signature of DC



FACILITATION CENTRE

Finance Department, GoN

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