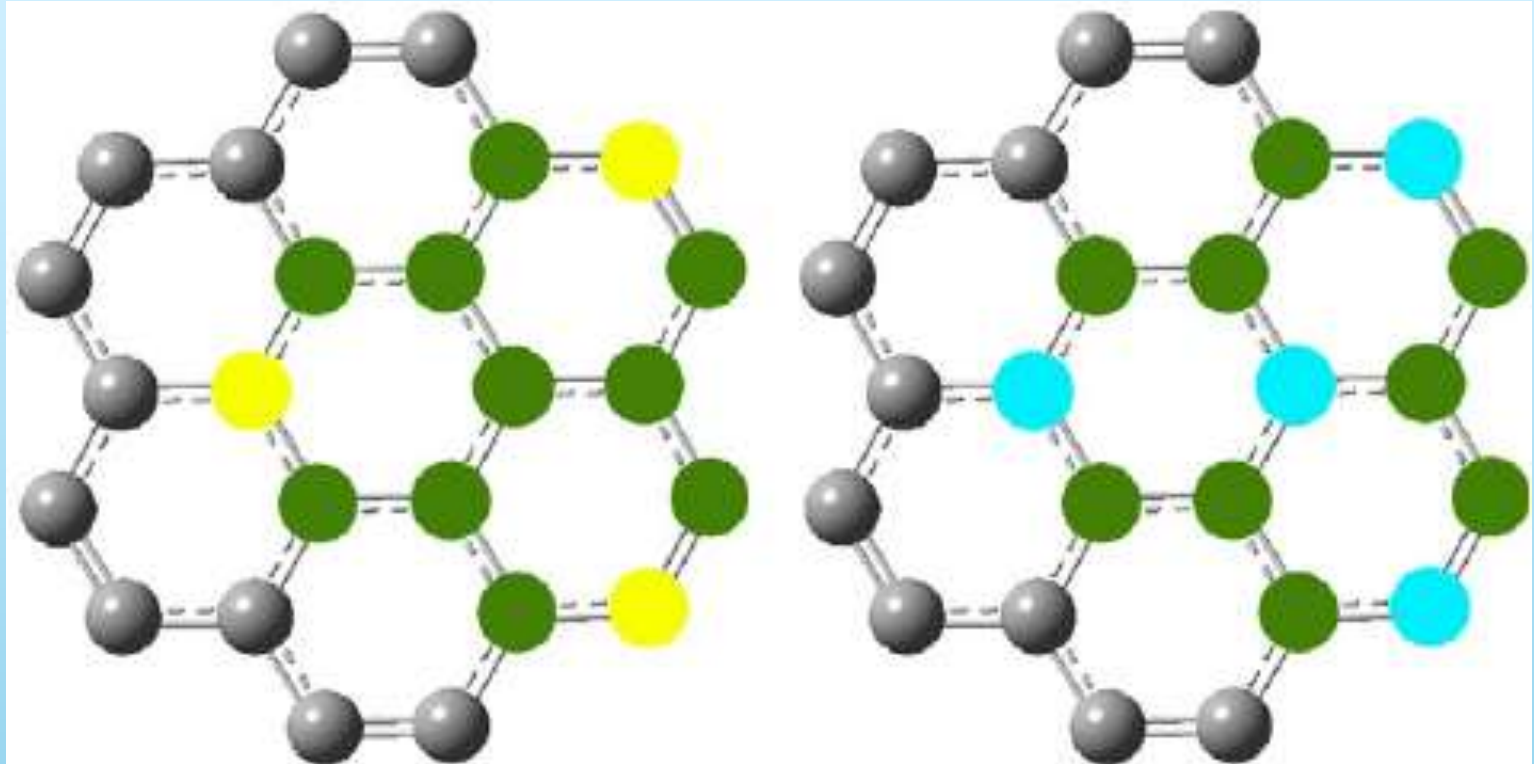


MICRO FINANCE PROGRAMME



INTRODUCTION

- ❑ The Micro Finance Programmes in India Visions to create abundant self – employment Opportunities.
- ❑ Aiming to transform small firms into creditworthy companies.
- ❑ Acknowledging the need , this financing is primarily run by NABARD (agriculture) and SIDBI (industry , service , business) , and through NGOs and SHG
- ❑ These programs aim to provide budding MSMEs with financial help so that they can establish and/or grow themselves to achieve
- ❑ The scheme is being operated in the under-served States and under-served pockets/districts of other States.

WHAT IS MICRO FINANCE?

Micro finance involves giving small loans to individuals or small businesses, who may be outside the formal banking channel so that they can meet their business related requirements.

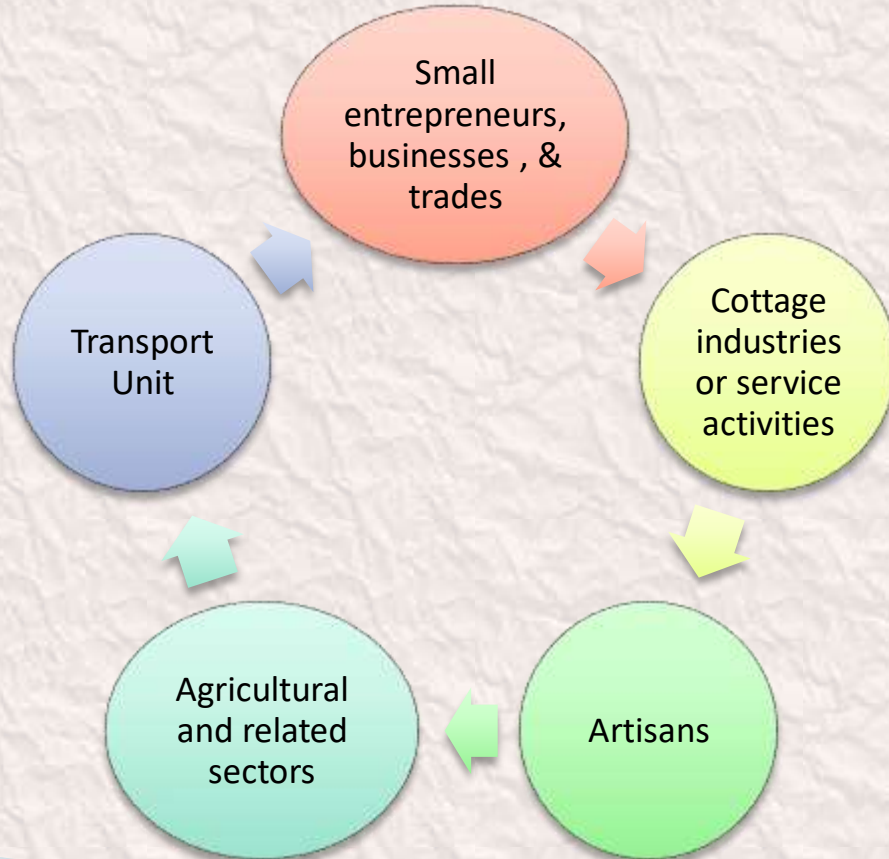
MICROFINANCE PROGRAM HELP TO ADDRESS

**The below poverty line
community**

**The Nation's Rs 50,000 crore
requirement**

**The existing scheme caters
only to 5 to 10% of the
necessity**

FOCUSED AREA



TYPES OF MICRO FINANCE

Microloans

- No Collateral Requirements

Micro Savings

- No minimum balance necessary

Micro Insurance

- This is for borrowers of Microloans

WHAT IS THE MICRO FINANCE PROGRAMME?

SIDBI offers micro credit facilities to MSMEs who are engaged in industrial activities.

These credit facilities are offered through Micro Finance Institutions (MFIs) or Non-Governmental Organisations (NGOs).

MFIs/NGOs source funds from SIDBI and make the funds available to MSMEs for their commercial needs.

for every loan availed, the MFI or NGO is required to make a security deposit with SIDBI as SIDBI offers only secured loans.

The amount of security deposit is 10% of the loan amount sought. It becomes difficult for MFIs or NGOs to pay the security deposits for multiple loans due to financial constraints.

“This is where the Micro Finance Programme comes into the picture. The Government has launched the Micro Finance Programme in tie-up with SIDBI to provide easy and affordable loans to MFIs and NGOs.”

FEATURES

The funds paid by the Government to SIDBI under the Micro Finance Programme would be called 'Portfolio Risk Fund'.

MFIs/NGOs would have to pay only 2.5% of the loan amount as security deposit for the loan and the remaining 7.5% would be funded from the Portfolio Risk Fund paid by the Government.

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The Government would provide funds to SIDBI, which would then be used as security deposits for the loans issued to MFIs/NGOs

SIDBI can then use this fund for security deposit requirements of the loans issued to MFIs/NGOs.

Funds would be provided by the Government in four years after the Xth Plan and would be released on a half-yearly basis as per the requirement of security deposit by SIDBI.

FEATURES

SIDBI would be responsible for the recovery of the loan granted to MFIs/NGOs

Besides providing financial assistance, the Government would also help SIDBI arrange training programmes for NGOs, entrepreneurs, SHGs, etc. to promote MSME growth.

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Interest would be paid by SIDBI to the Government on the security deposit held. The rate of interest would be the same as that paid to MFIs/NGOs on their 2.5% deposit

When the loan is recovered fully, the Government's contribution of 7.5% of the loan and the interest earned thereon would be rotated and used for future loans

SIDBI would also monitor the Micro Finance Programme

WHO RUNS THE SCHEME?

The Development
Commissioner of Small
Scale Industries (SSIs)
under the Ministry of
MSME

WHO CAN APPLY?



MFIs

NGOs

Loans under the scheme are available for manufacturing, service sector and non-farming activities.

APPLICATION PROCESS

To apply for the Micro Finance Programme, MFIs and NGOs would have to fill and submit their proposal in a prescribed form to SIDBI.



*Thank
you*