

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:596
ANSWERED ON:25.11.2005
LOANS TO SELF HELP GROUP
Ponnuswamy Shri Mohan

Will the Minister of FINANCE be pleased to state:

- (a) the amount sanctioned for the benefit of Self Help Groups all over the country particularly in Tamil Nadu during the last three years ;
- (b) the amount of loan disbursed to SHG in Tamil Nadu during the said period ;
- (c) whether the procedure to sanction loan has been simplified ;
- (d) if so, the details thereof; and
- (e) the criteria adopted to sanction loan to SHG ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a)&(b) : The amount disbursed to Self Help Groups (SHGs) in the State of Tamil Nadu and all over the country during the last 3 years is indicated below:-

(Rs. crore)

YEAR	All India	Tamil Nadu
2002-03	1022.34	222.85
2003-04	1855.53	505.91
2004-05	2994.25	746.47

(c)&(d) : Banks provide loans to SHGs without any collateral and many of the State Governments have waived stamp duty on SHG loans. On receipt of loan application from SHGs, banks generally undertake rating (grading) of SHGs as per norms prescribed by the banks. If the SHGs satisfy the grading norms, banks sanction loans in multiple of group savings. Banks usually obtain loan agreement and inter-se agreement.

(e):The criteria adopted for sanction of loans to SHGs, inter-alia, are as under: -

The group should have been in active existence for at least a period of six months.

The group should have successfully undertaken savings and credit operations from its own resources

The group should maintain proper accounts/records,

The SHG should be working on democratic lines.