

Community Investment Fund (CIF)

Under the erstwhile SGSY Scheme – BPL Self Help Groups were provided Capital subsidy in back ended form from the Loan assistance from Banks. However under the National Rural Livelihood Mission Community Investment fund will be provided to the Self- Help Groups for enlarging their opportunities for livelihoods and various other social needs.

Administration of Community Investment Fund

The Community Investment fund will be provided as grant to the Federations which will be extended to the Self- Help Groups in the form of Loans to be repaid back to the Federations with an interest rate as deemed fit by the Federations.

Quantum of Community Investment Fund

It has been suggested by the Ministry of Rural Development, Government of India that on an average, one SHG may be provided CIF @ Rs.40,000-60000. However for the purpose of uniformity each Self Help Group in the State of Gujarat will be provided Community Investment fund @ Rs. 50,000.

Let us understand this by an example:

In the Kawant Taluka of Vadodara District in a particular village Rampur, 12 Self Help Groups have been federated into a Village Organization. The Village Organization named Pragati has opened a Bank Account with the Bank of Baroda branch in Kawant and is having a SB Account No. 1234567890. Since there are 12 SHGs in the Village Organization a total amount of Rs. 50,000* 12= Rs. 6 Lakhs will be released by the DRDA in the Village Organization's Account.

Release of CIF funds to DRDA

Each District will make an initial assessment of the no of Village Organizations which will be promoted in the Talukas and based on the assessment the funds will be released.

Release of CIF funds to VO

Based on the No of SHGs in a VO, the quantum of CIF will be decided by the District Offices and released to the VOs. The VOs need to give a fund request to the DRDAs for sanction of the CIF in a prescribed format.

Release of CIF funds to SHGs

Self- help Groups will prepare the Micro Credit Plan (MCP) for their respective groups detailing out the quantum and purpose of Loans in a format prescribed by GLPC. (Format for MCP along with the Loan Application format and Utilization certificate are annexed for perusal)

***** The total amount of CIF has already been released to the NRLP/ NRLM Talukas by the State Office, (List of the Districts with the name of the Talukas enclosed) which may be released to the Village Organizations after formation of the loose Village Organization and opening of the Bank account of the VO, which may then be released to the SHGs based on the preparation of their Micro Credit Plan and approval of the same by the VO**

Criteria for Release of Community Investment Fund for SHGs

SHGs adopting Panchsutra and following good management and financial norms and demonstrating proper use of savings and revolving fund (where the SHG has received revolving fund), need to be supported further with provision of CIF through Micro Credit Plan mode for enlarging their opportunities for livelihood and various other social needs. This would enable the members of the SHG to access loans and undertake income generating activities individually as per the Micro Credit Plan and increase their incomes.

Eligibility criteria for SHG to access CIF through MCP Process:

- 1) It should be an SHG of women from poor and poorest of the poor households that has been following Panchsutra at least for the last 26 weeks.
- 2) It should have regular internal lending of savings and revolving fund to the members by small loans for the last 6 months.
- 3) It should have developed its participatory micro- plan duly following the seven step process.
- 4) It should give a commitment that even after receiving the CIF loan through MCP, Process, the members of the group will run the management duly adopting Panchsutras and good management and financial norms.

Every SHG satisfying the above criteria is eligible for CIF Loan through MCP process:

- 1) GLPC would release the CIF directly to SHG purely as an interim measure till the VO and the CLF are formed and become operational. SHG would submit its MCP duly following the seven step process to the loose forum of the Village Organization, for its appraisal if the VO is not formed. On the basis of appraised MCP, and recommendation of VO, SRLM would release the CIF to the SHG as a loan for it to implement the MCP.
- 2) Where V.O is formed the Executive committee of the VO would do the appraisal (in the presence and /or support of District Representative). The SRLM will then release the amount as a loan to VO for onward release to the SHG. The SHGs will have to repay the installments payable to the CLF in the VOs Bank account initially and later on when the CLF is formed, the installment amounts will be transferred to the CLF account.
- 3) If CLF is formed, CLF would receive bulk CIF (seed capital) and the CLF in turn would sanction and release the amount to the VO for onward release to SHG on the basis of the appraised MCP with the recommendation of the VO.

Rate of Interest for the Community Investment Funds:

A decision on the rate of Interest to be charged from the SHGs by the VOs and from the VOs by the next higher level federation should be taken by the Executive Committee of the VO and the Federations and should be ideally recorded in their Minutes Book . However for the purpose of reference and facilitation, GLPC may look into the rates of Interest as prevalent in other states like Bihar and Andhra Pradesh.

Micro Credit Plan (MCP)

Objective:

Poor shall learn the art of forming, strengthening and managing their institutions which over a period of time shall in position to leverage the institutional strength to mobilize different financial institutions to provide credit and other support. It is a powerful mechanism to repose faith in community and facilitate the process to identify their own needs and come out with a response amidst constrained resources.

Why MCP?

- To meet the credit needs of all the members in the group,
- To explore the ways and means of development by identifying and assessing the available social resources individually and group wise,
- To meet the temporary and long term needs,
- To avail loan facility from other institutions,
- To utilize the limited resources in meeting the needs of the members on priority basis,
- To strengthen the capabilities of the individuals and institutions,
- To improve the financial management skills.

Eligibility of Groups

- Groups formed with the Poor only are eligible.
- At least 26 weeks is to be completed from the date of the inception of the group.
- Regular meetings is the general norm.
- Group should have norms and adherence to the same is required.
- Savings should be deposited and Loans should be paid regularly.
- Group shall encourage Internal Lending.
- The group shall have Bank Account.
- Regular Book Keeping is to be done.
- Members should have understanding and be aware of the transactions of the group.
- Members should know the method of management of the group.

Method for Preparation of Micro Credit Plan

- Should be prepared at a place that is agreeable to all the members.
- Points discussed at the time of preparation are to be noted down in the Minutes Book.
- In case of Income Generating Activities (IGA), the members should, first, discuss among their family members, come to a decision and present the same in the meeting.
- Members should act independently and take decisions.
- Agreements should be prepared on the lines that are decided by the members and the institutions.
- The uniform installment pattern for all the members shall be discouraged as people have different sources of cash flow.
- Rate of interest on the loans provided for Income Generating Activities should be in uniform manner.
- Installments for repayment of loans--

From members to the SHG	Up to 24 installments
From SHG to VO	Up to 60 installments
From VO to BLF	Up to 120 installments

7 steps of Micro Credit Plan

1. Comprehensive information of the Group
2. Comprehensive information of the members of the Group
3. Individual Income and Expenditure statement of the member
4. Estimate of the Income Generating Activities of the members
5. Details of the members availing the loan in first priority.
6. Details of the members availing the loan in second priority.
7. Memorandum of understanding between :
 - a) Members & SHG
 - b) SHG & VO
 - c) VO & BLF

Discussions

First discussion:- After preparing the estimate for the consumption purpose/ IGA the same should be discussed in the EC meeting of the VO. It is quite natural that while providing the Community Investment Fund, VO may not be in existence and so the CIF amount can be given directly to SHG's and to be returnable to the VO.

Second discussion:-Details of selection of the members that are being given loans in the first priority Procedure for sanctioning loans on rotation should be discussed in the EC meeting of the VO.

Third discussion:-Members should make the MOU known in the SHG and EC meeting of the VO. The Leaders of the VO should read out the MOUs in the BLF meeting.

Benefits

- SHG members can immediately meet their emergency requirements including that of consumption purposes.
- Taking up Income Generating Activities combining the investment obtained through Micro Credit Plan with resources and skills.
- Can purchase assets utilizing funds on a large scale.
- Funds will be distributed not to all the SHGs, but to the deserving SHGs having good practices. (By this recovery will be done effectively and activities can be taken up multiple times at a larger scale)
- The remaining SHGs will also develop good practices and acquire the skills in preparing MCP.
- Funds will be utilized in an effective, efficient and better manner.
- Internal funds will be enhanced.

Information known through MCP

- Present status of the family.
- Their experience in various income generating fields.
- Their experience about the income and expenditure in hitherto taken up income generating activities.
- Identified activity, Implementation method, Purchase, Marketing facility will be known.
- Can affirm the additional income for the family through these activities.
- Precautions to be taken during unforeseen situations (Insurance, Conforming to the basic health principles for the cattle, Advice from experts)
- Estimation of investment (Personal contribution + Loan amount from the SHG)
- Building up the confidence in the activities to be taken up.

- After availing loans from the SHG, they invariably will take up the IGA.

Note on Trainings:

1. It will be better and easier if 20 members participate in the training programme.
2. Every 10 members should form one group in the training programme.
3. MCPs should be prepared by dividing into two groups.
4. One group, as if they were the SHG and the other one VO, should explain the MCP to the other group. The same is to be repeated with the second group also.
5. Two or three best VOs are to be selected from one block.
6. Two or three best SHGs are to be selected from one VO and MCP is to be prepared by them.
7. When the details of the group MCP are explained to the EC of the VO, they will accept the same. If not, the group has to discuss further, approach the EC of the VO and get approval.

Preparation of Micro Credit Plan – Seven step Process.

Step 1: Comprehensive Information of the SHG.

- Details of the SHG.
- Details of the funds of the SHG.
- Grade obtained by the SHG through financial transactions.
- Age of the SHG.
- Details of the membership in the VO.

Step 2: Comprehensive Information of the members

Each and every member of the SHG contemplating the present status of their family

- Members of the family and their occupation.
- Their income.
- Family expenses.
- Family debts.
- Their problems.
- Discussion on the grave problems.

Step 3: Individual Income & Expenditure statement of the Member.

- Existing livelihoods - Ways and means to enhance the income through them.
- Details of the earnings through the present livelihoods.
- To make them think of the opportunities that exist.
- To make them aware of the capabilities.

Step 4: Assessment of the IGA to be taken up by the members (Family Investment Plan of the members)

Explaining the activities to be taken up, enhancement of capabilities through investments

- Methods of getting out of problems through investment.
- Present income through existing activities and assessment of additional income that can be earned after investment.
- To make them think of the ways and means to get the investment.
- Explaining the activity to be taken up.
- Explaining the investment.

- Explaining the method of repayment of investment.
- Assessment of the investment required by all the members.

First Discussion

All the members of the SHG should discuss themselves, prepare the Micro Credit Plan and present the same at the VO meeting. The members are to answer the questions asked by the VO. After the discussions, if the VO is satisfied, assures some amount of financial help and asks the SHG to return for second discussions with the detailed plans for the first priority borrowers and second priority borrowers and its implementation methodology.

Step 5: Details of the first priority borrowers: -

- 1) If all the members get the loans at a time, they will compete with each other asking others to pay first.
- 2) As a result the norms of the SHG will be violated.
- 3) There would a problem as to which member (second priority) the money obtained through recovery is to be given. Therefore, all the members should discuss among themselves and prepare a rotation plan.

An analysis should be done on the basis of the details of the first priority borrowers and a plan is to be prepared through discussion with all the members.

- Must be selected person from category of Poor
- Must be without any help
- Single women
- Poor family with no sources of income
- Without/ Little skills
- According to the season relevant to the IGA (Priority is to be given)

Step 6: Details of the second priority borrowers: -

A process is to be evolved to provide loans to the second priority members on the basis of the principle and interest recovered according to the recovery plan and the savings. The process is to be evolved in a way that all the members can get loans in a period of 9 months based on the repayments of the first priority borrowers.

Second Discussion:-

During the second round of discussions the SHG members should discuss at the VO meeting, the details of procedure for the first priority borrowers, selection process of the members, members' share and the share of the SHG. They should also explain in detail at the VO meeting, the process of providing loans to the second priority members, selection of members, recovery and interest payment method and make the VO appreciate the same.

After the VO accepts the proposal, it asks for an MOU. This should be submitted in the next meeting.

Step 7: MOUs: These are of three types.

- 1) MOU between the Members and the SHG. This should be prepared after due discussions in the SHG.
- 2) MOU between the SHG and the VO. This should be prepared after due discussions with the VO Committee at the second round of discussions itself.
- 3) MOU between the VO and the Block Level Federation (BLF). This should be prepared after due discussions by the VO at BLF meeting.

Third Discussion:-

All the members of the SHG should attend the VO meeting and read out the two MOUs. All the members should be able to speak on the MOUs at the VO meeting, i.e.

- a) MOU between the Members and the SHG
- b) MOU between the SHG and VO

Micro Credit Plan Step – 1:

Comprehensive Information of the SHG as on date

1. Name of the SHG:
2. Name of the Village:
3. No. of members in the SHG:

SC	ST	BC	OC	Total

4. Bank Account No. of the SHG:
5. Date of inception of the SHG:
6. Total amount of Savings:
7. Total amount of Interest earned:
8. (a) No. of meetings conducted so far:
9. (b) Percentage of attendance:
9. Does the SHG have membership in the VO?
10. Whether the SHG has availed any loan from any institution? If yes, how much amount? From which institution?
11. Corpus fund in the SHG:
12. Arrears in the SHG:
13. No. of loans provided by the SHG:
14. Total amount of loans provided by the SHG:
15. Names of the representatives of the SHG:
16. Signatures of the representatives of the SHG:

Micro Credit Plan Step – 2:

Comprehensive information of the SHG members

Sr no	Name of member	Age	Caste	Education	Occupation	Details of Family members				Land		Type of house		Cattle						Poverty Status			
						Children		Adults		Wet	Dry	Pucca	Hut	Ox	Cows	Buffaloes	Sheep	Goats	Others	POP	Poor	MID	RICH
						F	M	F	M														

Micro Credit Plan Step – 3:

Household Income and Expenditure statement of the Member (1 Year)

1. Name of the Member:	4. Caste
2. Name of the husband:	5. Age:
3. Details of the land:	6. Details of the family members
Income	Expenditure
1. Total income from agriculture:	1. Rice Day/Kg x month x Price:
2. Income from husband's wages Days x Wage	2. Red gram Day/Kg x month x Price:
3. Income from wife's wages Days x wage	3. Other commodities month x Price:
4. Income of the son or daughter Days x wage	4. Electricity Charges/month:
5. Others:	5. Soaps/month x Price:
a) Business:	6. Green leafy & other vegetables Days x month x Price
b) Job:	7. Liquor & Tobacco/month:
c) Artisan works:	8. Meat/month:
	9. Exp. on children's education/month:
	10. Exp. on health/month:
	11. Travel exp. / month:
	12. Other exp./month:
	Total exp x12:
	13. Investment on agriculture/ year:
	14. Cloths & Festivals/ year:
Details of Income & Expenditure	
1. Milk/ day Litre x Days x Price	1. Grass Kg x Day x Month x Price:
2. Dung/ month Loads x Price	2. Fodder Kg x Day x Month x Price:
3. Milk for household consumption: Litre x Days x Price	3. Exp. on Health:
4. Price of the calf:	4. Transportation Exp.
	5. Wages- Day x Month x Price

Micro Credit Plan Step – 4:

FAMILY INVESTMENT PLAN

Assessment of Income Generating Activities to be taken up by Members

Name of the SHG:
Name of the Village:

Name of the VO:
Name of the CF:

Name of the C.C.:
Name of the Block:

Sl. No.	Name of the Member	Name of the Husband	Activity to be taken up for Income generation	Required amount of loan for the activity	Contribution of the member	Amount required from the SHG	Income per month	Exp. per month	No. of installments	Value of installments			Remarks
										Principle	Interest	Total	
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													

Micro Credit Plan Step – 5:

Details of the members availing the loan in first priority

Sl. No.	Name of the member	Activity to be taken up for Income generation	Required amount of loan for the activity	Contribution of the member	Amount required from the SHG	Exp. per month	No. of installments	Principle	Interest	Total	Remarks
1											
2											
3											
4											
5											
6											
	Total										

Micro Credit Plan Step – 6:

Details of the members availing the loan in second priority

Sl. No.	Name of the member	Activity to be taken up for Income generation	Required amount of loan for the activity	Contribution of the member	Amount required from the SHG	Exp. per month	No. of installments	Principle	Interest	Total	Remarks
7											
8											
9											
10											
11											
12											
	Total										

Do's in the Micro Credit Plan

- The necessity, objective and preparation method are to be discussed in the SHG meeting.
- The member of the SHG should, before the preparation of the MCP, discuss about the income generating activities with her family members.
- All the members of the SHG should discuss and prepare the MCP.
- The staff (Book keeper / Animator) should write down the MCP as per their instructions.
- Each and every member of the SHG should know the loan details of every other member and be able to let the VO know.
- All the members of the SHG should attend the VO meeting, explain the MCP and get approval. MOU should be made known to all the members.
- Two members of the SHG should attend the General Body meeting of the BLF, explain the MCP and get approval.
- Sanction of loans should be in accordance with the loan sanction plan and they should meet the requirements of the members.
- Members should spend the loan amount only to the activities mentioned in the MCP.

Don'ts in the MCP

- MCP should not be prepared without being aware of its necessity and objective.
- Members should not participate in preparation of MCP without due discussions with the family members.
- Members should not indulge in equal distribution of the amount got through MCP after approval.

Micro Credit Plan Step – 7:

a) MOU between the Members and the SHG:

1. All the members will work according to the norms of the SHG.
2. The members who availed loans from the SHG will repay the principle and interest in accordance with the installments decided upon.
3. It shall show the assets to the members of the Audit Committee during the audit.
4. Members who availed the loan will repay without any arrears.
5. It shall work in accordance with the MOU reached with the SHG.
6. It shall representatives to the VO meetings along with monthly report.

b) MOU between the SHG and the VO:

1. It shall utilize the loan taken for consumption/ income generating activities as indicated in the MCP.
2. It shall show the assets purchased at SHG to the Audit Committee of the VO.
3. SHG shall repay the principle and interest in installments as stipulated in MOU with the VO.
4. It shall utilize the services of the Mobilizers at the VO level.

c) MoU between VO and BLF:

1. The representatives of the VO will attend the BLF meetings without fail.
2. VO shall attend to the trainings being imparted by BLF.
3. VO shall utilize the loan amount taken from BLF to the activities mentioned only.
4. VO shall repay the loan amount along with principle and interest in installments as stipulated in the MOU with BLF.

5. VO shall show the assets to the BLF Audit Committee during their inspection.
6. VO shall submit the monthly reports to BLF.

STANDARD APPLICATION FOR COMMUNITY INVESTMENT FUND (CIF) LOAN FROM SELF
HELP GROUP (SHG)

For VO Office use only:

To:

THE PRESIDENT
VILLAGE ORGANISATION (VO)

Application No: Date of Receipt by VO:

VILLAGE: _____

Dear Madam,

We _____ (name of SHG) would like to avail Community Investment Fund (CIF) as loan for Income Generation for extending credit facilities to our members. Please find below the details of our SHG.

1. Name of our SHG _____
2. Date of Inception _____
3. SHG Leader(s) Smt. _____ and
(in BLOCK LETTERS)
Smt. _____
4. Our Bank Account No. _____ with _____ Bank
_____ Branch.

5. Lending History of our SHG:

Sl. No	Particulars	Amount in Rs
1	Cumulative Loan Disbursed	
2	Cum. Principal Recovered	
3	Balance Principal O/S	
4	Overdues Amount	

6. Micro Credit Plan of our SHG

Sl. No	Name of Member	Category (SC/ST/BC/OT)	Poverty status	Wealth Ranking	Purpose of the loan	Amount Required in Rs
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
	Total					

1. Sources of Fund for Executing Micro Credit Plan of SHG:

Total Loan Requirement for income Generation Activities in Rs	Own Savings in Rs	Bank Linkages in Rs	CIF Loan in Rs

Kindly sanction us a CIF loan of Rs _____ as per the details mentioned in para 7 above.

Signature of the President

Signature of the Treasurer

STANDARD APPLICATION FOR COMMUNITY INVESTMENT FUND (CIF) LOAN FOR
VILLAGE ORGANISATION (VO)

For GLPC Office use only:

To:

THE PRESIDENT
BLF/GLPC

BLOCK: _____

Application No: Date of Appraisal by BLF/GLPC:
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Dear Madam,

We _____ (name of VO) would like to avail Community Investment Fund (CIF) as loan for Income Generation activities including the Micro credit plans prepared by our member SHGs and working capital requirement for our food security and marketing initiatives and as a grant for executing Social Development and Physical Productive Infrastructure subprojects. Please find below the details of our VO and member SHGs.

1. Name of our Village Organization _____

2. Full Address:

Village: _____ **Post Office:** _____

District: _____ Pin code: _____ Telephone: _____

3. Date of Inception _____

4. Registered Registration No: _____ Not Registered

5. Associated with NGO/ Co-operatives/ Other Development Organisation:

6. VO Leader(s) _____

Smt. _____ and

Smt. _____

7. Our Bank Account No. _____ with _____ Bank
_____ Branch

8. SHG Wise CIF Loan Requirement for Executing Micro Credit Plan of SHGs (in Rs).

Sl. No	Name of SHG	No. of members	Poverty Status (PoP/ BPL/ Others)	Total cost of Income Generation Sub Projects	Own Fund	Loan from Bank	CIF Loan
1							
2							
3							
4							
5							
6							
7							
8							
9							
10	Total:						

9. Component Wise CIF Requirement for Executing Village Micro Plan (in Rs.)

Sl. No	Particulars*	Amount
	IG activities	
1	MCPs of SHGs	
2	Working Capital for Food Security Intervention	
3	Working Capital for marketing Activities	
	Total IG CIF:	
	Social Development subprojects	
1		
2		
	Total SD CIF	
	Productive Physical Infrastructures	
1		
2		
	Total PPI CIF	
	Total CIF (IG+SD+PPI)	

* Note: Other than micro plans of SHGs, for all categories a detailed description and assessment report is to be attached. In case of SHG micro plans micro plans of individual SHGs are to be attached.

10. Sources of Fund for Executing Village Micro Plan:

Total Loan Requirement	Own Savings in Rs	Bank Linkages in Rs	CIF in Rs

11. We have taken up some of the following activities in addition to our Savings & Credit activities.

12. Sources and Uses of Funds of VO:

Sources	Amount in Rs	Uses	Amount in Rs
Savings/ Deposits from Member SHGs			
Grants		Bank Balance	
Loans		Cash Balance	
Interest on Loans			
Commission Fees on Loans to Member SHGs			
Membership Fees & Admission Fees from Member SHGs			
Total :		Total :	

13. Lending History of VO:

Sl. No	Cumulative Loan Disbursed in Rs	Cum. Principal Recovered in Rs	Balance Principal O/S in Rs	Overdue Amount in Rs
1				

Kindly sanction us a CIF (as loan of Rs _____ and as grant of Rs _____) as per the details mentioned in para 9. MCPs of SHGs, the proposals for food security, marketing intervention, social development subprojects and Productive Physical Infrastructure subprojects are enclosed.

Signature of the President

Signature of the Treasurer

Certificate from VO

Details of the SHG micro plans consolidated and other VO activities for the quarter I/ II/ III/ IV of the FY _____

Name of the VO: _____

Date: _____

a. Classification of SHGs and source of funds

Type of SHG	No.	Own funds	CIF	Bank loan	Recycled CIF	Other sources
PoP						
BPL						
Disabled persons						
Other						
Total						

b. Activity wise utilisation of funds

Sr.No	Name of the activity	No. of members	Amount spent	Source of funds				
				Own funds	CIF	Bank	Recycled CIF	Other sources
SHG Micro plans								
I	Agriculture							
I.1	Crop cultivation							
1.2	Bore-well							
1.3	Pump-set							
1.4	Bullock and cart							
1.4	Others							
Sub Total								
II	Animal Husbandry							
II.1	Milch animals							
II.2	Sheep and goats							
II.3	Others							
Sub Total								
III	Non-farm							
III.1	Production							
III.2	Service							
111.3	Business							
Sub Total								
VO plans								
IV	Food security							
V	Marketing							
VI	Social Development							
VII	Productive Physical Infrastructure							

Grand Total							
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c. Category wise utilization of funds:

SC/ST/BC/OC	No. of members	Source of funds				
		Own funds of SHGs	CIF	Banks	Recycled CIF	Other sources
SC						
ST						
BC						
Disabled						
OC						
Total						

d. Social audit certificate

Process description
Record of variations, if any

Signatures of the President, Secretary and Treasurer