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## Provide loans to women SHGs at 7%: RBI to banks

By PTI | Updated: Aug 25, 2016, 10.51 PM IST

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MUMBAI: The Reserve Bank today asked banks to provide loans to women self-help groups (SHGs) at 7 per cent per annum, as per the government's revised guidelines for 2016-17.

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"All women SHGs will be eligible for interest subvention on credit up to Rs 3 lakh at 7 per cent per annum (under Deendayal Antyodaya Yojana-National Rural Livelihoods Mission). SHGs availing capital subsidy under SGSY in their existing credit outstanding will not be eligible for benefit under this scheme," RBI said in a notification.

The banks will lend to all the women SHGs in rural areas at 7 per cent in 250 districts, it said.

All banks will be subvented to the extent of difference between the weighted average interest charged and 7 per cent, subject to the maximum limit of 5.5 per cent for 2016-17, it said.

This subvention will be available to all the banks on the condition that they make SHG credit available at 7 per cent annually in the 250 districts, it added.

"Further, the SHGs will be provided with an additional 3 per cent subvention on the prompt repayment of loans. For the purpose of interest subvention of additional 3 per cent on prompt repayment, an SHG account will be considered prompt payee if it satisfies the following criterion as specified by RBI," it added.

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