

NATIONAL MINORITY DEVELOPMENT AND FINANCE CORPORATION (NMDFC)

The National Minorities Development and Finance Corporation (NMDFC), constituted in 1994 (30.09.1994), is a not for profit company under the Companies Act 1956 (Section 25, now Section 8 of Companies Act 2013) and works under the aegis of Union Ministry of Minority Affairs. Mou has been signed by NMDFC with Canara Bank to implement NMDFC schemes across the country and particularly in States/UTs where State Channelizing Agencies (SCAs) are dysfunctional.

Target group for NMDFC assistance

- Families having annual income upto Rs.98,000 in rural areas and upto Rs.1,20,000 in urban areas are the target group of NMDFC
- As a special initiative by NMDFC, a new annual household income eligibility limit of up to Rs.6.00 lacs has been introduced with effect from September, 2014. This limit has been further enhanced from Rs.6.00 lacs to Rs.8.00 lacs w.e.f. 13/11/2020.

The NMDFC categorizes the beneficiaries under two categories:

- Credit Line-1: For those having annual family income Rs. 98,000 in rural areas & Rs.1.20 lacs in urban areas.
- Credit Line-2: For those with higher annual family income upto Rs. 8.00 lakhs.

Credit Line-1 Schemes:

Term Loan Scheme: Under the Term Loan Scheme, projects costing up to Rs. 20.00 Lakhs are considered for financing. NMDFC provides loan to the extent of 90% of the project cost subject to a maximum of Rs. 18.00 lacs. The remaining cost of project is met by the SCA and the beneficiary. However, the beneficiary has to contribute minimum of 5% of the project cost. The rate of interest charged from the beneficiary is 6% p.a. on reducing balance method. Assistance under Term Loan Scheme is available for any commercially viable and technically feasible venture, which for the purpose of convenience, are classified into sectors like Agriculture & allied, Technical trades, Small business, Artisan and traditional occupations, and Transport and services sector

Education Loan Scheme: Under the Educational loan scheme, loan upto Rs.20.00 Lakhs for Professional and Job Oriented Course of duration of 5 years (@ Rs. 4.00 lakhs per annum) is provided for domestic courses & loan upto Rs.30.00 lacs of duration 5 years (@ Rs. 6.00 lakhs per annum) is available for courses abroad is given at 3% p.a.

Brief Highlights of the scheme are

Moratorium period: 6 months after completion of course or getting a job, whichever is earlier

Repayment Period: 5 years

Margin: 90% loan, 5% by SCA, 5% by beneficiary

Micro Credit Scheme: Under Micro credit scheme, loan upto Rs.1.00 lac is available to each member of Self Help Group (SHG) & upto Rs.20.00 lacs to a group of 20 women at interest rate of 7% p.a.

Credit Line 2 Scheme:

- (i) Term Loan Scheme: Term Loan up to Rs.30,00,000/- is provided at interest rate of 8% p.a. for male beneficiaries & 6% p.a. for women beneficiaries.
- (ii) Educational loan scheme; loan upto Rs. 20.00 Lakhs is provided for domestic courses & loan upto Rs.30.00 lacs is available for courses abroad. The Education Loan is available at 8% p.a. for male beneficiaries & 5% p.a. for women beneficiaries.
- (iii) Under Micro credit, loan upto Rs.1.50 lacs is available to each member of Self Help Group (SHG) & upto Rs.30.00 lacs to a group of 20 women at interest rate of 10% p.a. for male beneficiaries & 8% p.a. for women beneficiaries

Mahila Samridhi Yojana: Skill development training is imparted to group of women in women friendly trades. Training period is of maximum 6(six) months with training & raw material cost of upto Rs.1,500 per women while stipend @ Rs.1,000 is available for each woman. During the period of training, the women are formed into Self Help Group, followed by infusion of micro-credit maximum upto Rs.1.00 lacs per member (@ 7%) for the purpose of using the skill developed during the training, for income generation activities.

Virasat Scheme:- This scheme has been launched with the objective to meet credit

requirements of the Artisans, both in terms of Working capital requirement & Fixed capital requirement for purchase of equipment/tools/machineries. Maximum loan of upto Rs.10.00 lacs can be availed under the scheme. The Rate of interest for borrowers falling under Credit Line 1 is 5.00% for male borrowers and 4.00% for female borrower, for Credit line 2 it is 6.00% pa for male borrowers and 5.00% p.a for female borrowers.

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