Frequently Asked Questions (FAQ) About Vishesh Microfinance Yojana (VMY)

Q (1). How loan provided by NHFDC to Divyanjan under Vishesh Microfinance Yojana?

Answer: Divyanjan are provided prompt and need based finance for the activities at reasonable rate of interest through NBFC- MFI, Section-8-MFI, and NGO-MFI, SHG Federations, state Government Missions and other state level organizations to pursue small/micro business and developmental activities.

Q (2). What is the maximum loan provided by NHFDC under VMY?

Answer: The maximum loan amount per beneficiary is limited to Rs.60,000/- (Rupees Sixty Thousand only).

Q (3). What is the extent of the Project Cost term loan provided for VMY?

Answer:NHFDC would provide loan up to 90% of the project cost under VMY. The balance 10% shall be contributed by the Implementing Agencies or other organizations acting as implementing partner of NHFDC, and/or beneficiaries100% funding of the sanctioned projects.

Q(4). What is the rate of interest payable by beneficiary and implementing partner under VMY?

Answer: **T**he rate of interest for lending by NHFDC would be 4.50% p.a. with margin upto 8.00% for the partner agency. In other words, the pattern of charging interest under the scheme shall be as follows:

NHFDC to Implementing Agencies	Interest Spread to Implementing Agencies	Implementing Agencies to Beneficiaries
4.50% p.a.	Upto 8%	Upto 12.50% p.a.

Q(5). What are the Eligibility criteria of implementing partners/agencies under VMY?

Answer: Eligibility norms as followed by SIDBI or NABARD from time to time, for such categories of microfinance lending organizations, would be followed.

The eligibility norms shall be deliberated and recommended by the Loan Screening Committee of the NHFDC based on the prevailing eligibility norms of the SIDBI or NABARD.

Q(6). What is the Security Amount under VMY?

Answer: While seeking disbursement from NHFDC, Implementing Agencies shall provide the following security to NHFDC for timely repayment of instalments of the loan sanctioned under this Agreement together with interest thereon:-

a) Bank Guarantee of Public Sector Bank or Fixed Deposits of Public Sector Bank in the name of "NHFDC" equivalent to the 10% or as per the prevailing norms of the SIDBI/ NABARD, whichever is higher, of the loan amount to be disbursed to them.

   The validity period of the Bank Guarantee/Fixed Deposit shall continue until all the dues of the NHFDC have been paid in full or otherwise fully discharged by the Implementing Agencies. In case Implementing Partner has provided Fixed Deposit to the NHFDC, the accrued interest on the instrument along with the deposit instrument shall be released to the Implementing Partner only on successful completion of loan repayments. In the event of default by Implementing Agencies either for the whole or part amount advanced under this Agreement, the Bank Guarantee shall be invoked/the Fixed Deposits along with accrued interest thereon shall be encashed by NHFDC.

   However, no such security (in the form of Bank Guarantee/ Fixed Deposits) shall be insisted the scheme (VMY) is implemented through Cluster Level Federations (CLFs) under the guidance of NRLM/SRLM. Moreover for SCA; no additional guarantee be insisted in case there existing state Govt. Guarantee is sufficient.

b) Post-dated cheques (PDCs) in favour of NHFDC for the remaining amount as security.

   The PDCs shall be obtained in line with the repayment schedule for the scheme. In addition, one undated PDC equivalent to the 90% of amount to be disbursed will be obtained.

c) Exclusive first charge by way of hypothecation on all the book debts and receivables created out of loan availed from NHFDC. Borrower should submit a quarterly CA certificate authenticating the list of borrowers/statement of book debts along with the end use/purpose of loan, amount outstanding and age-wise break-up of overdues.

Q(7). What is the repayment period of VMY?

Answer: The loan amount shall be repaid in quarterly installments within a maximum period of 03 (Three) years from the date of each disbursement including the moratorium period of three months. In addition, 120-days period is allowed for funds utilization. There shall not be any moratorium period for payment of interest.