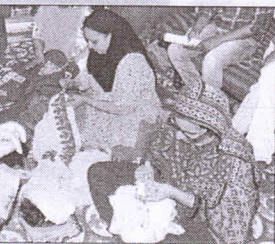
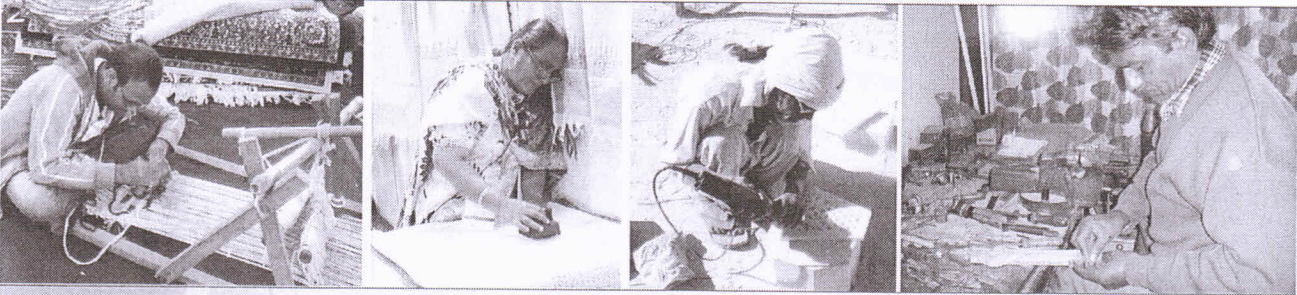


Virasat - A Credit Scheme for Craftpersons



1. Introduction

Handloom & Handicrafts are important segment of the unorganized sector of our economy. Handloom & Handicraft activities originally started as part time household activity in rural areas to meet their personal/local demand. As demand grew, more persons got associated with these activities to supplement their farming income. Now there is a need to sustain these activities as they hold the key for sustaining millions of artisans spread over length and breadth of the country. The sector offers tremendous opportunities for sustainable employment, particularly in the rural areas. However due to lack of access to the much-needed capital, the poor artisans are always at the receiving end.

Large number of artisans are from Minority communities and are generally dependent on local markets for sourcing their raw material and sale of their products. As their profit margin is less, they often face cash crunch to meet working capital for making new products. In absence of ready credit, some of the artisans also face difficulty in meeting deadlines for making finished products. This financial travail results in languid production and ultimately affects earnings, even to meet their basic survival needs.

It has been observed that although under Term Loan Scheme of NMDFC, there is a provision for extending loan to the artisans however, as per past records, financing of artisans has been only to the extent of 4% of the total financing undertaken by the SCAs. The Articles of Association of NMDFC also provide special focus for financing the Artisans however in absence of focused scheme for the artisans, financing of artisans has not been very encouraging.

Under the Marketing Assistance scheme, NMDFC provides opportunity to the artisans to sell their products. This scheme is implemented through the respective State Channelising Agencies (SCAs). NMDFC also organises Hunar Haat Exhibitions under the aegis of Ministry of Minority Affairs to help sustain the traditional art forms by providing opportunity to the artisans to sell / get orders for their exquisite artefacts. During interaction with the artisans in these exhibitions, it has been gathered that the artisans face cash crunch and are unable to make products as per market demand. During interaction it was also observed that number of artisans have very unique products which could be further developed with better designing & packaging under the

USTTAD scheme of the Ministry. Such artisans could also be considered for financing under NMDFC schemes for meeting their working capital requirement.

This scheme would be part of the Term Loan scheme with 1% lower interest rate than that charged under the Term Loan scheme, as the scheme will cater to poor artisans. The scheme further provides for additional 1% concession for women artisans.

2. Coverage

All artisans belonging to notified Minority communities' viz., Muslims, Christians, Sikhs, Buddhists, Jains & Parsis from all over the country are covered under the scheme. The scheme will be implemented through the respective State Channelising Agencies (SCAs) of NMDFC.

3. Eligibility

- Artisans covered under Credit Line-1 with Annual Family income of Rs.81,000 in Rural Areas & Rs.1.03 lacs in Urban Areas.
- Preference will be given to artisans participating in Hunar Haat exhibitions organised by NMDFC under the USTTAD Scheme of Ministry of Minority Affairs.

Artisans already sponsored under other concession credit scheme of the Government will not be eligible to again avail loan under the scheme.

4. Purpose of Loan

To meet credit requirements of the artisans both in terms of working capital requirement & fixed capital requirement for purchase of equipment/tools/machineries.

5. Quantum of Loan

Maximum Loan limit of upto Rs. 10.00 lacs can be availed under the scheme.

6. Margin of SCA/Artisan

NMDFC shall provide 90% of the Loan amount. Balance 10% coming from the SCA/Artisan with minimum 5% coming from the artisan.

7. Moratorium Period

The SCAs will get 3 month time to utilise the funds from the date of disbursement of loan by NMDFC. The artisan shall be given 6 months moratorium period for setting up of their units. The repayment of principal by the artisan shall start in the next quarter i.e., 31st March, 30th June, 30th Sept or 31st December after the expiry of moratorium period. The artisan would however be required to repay interest for the moratorium period as well at the time of 1st instalment along with the principal amount.





8. Interest on Loan

Simple Interest of 5% p.a shall be chargeable on loan extended to the artisans. The EMI shall include the Principal + Interest calculated as per banking norms. There shall be 1% discount offered to women artisan. NMDFC shall extend loan at 2% to the SCAs who in turn will extend to the male artisan at 5% p.a and 4% to female artisan.



9. Repayment Period

Loan shall be repaid by the artisan on quarterly rests over a period of 5 years after the moratorium period. The SCA shall repay the loan to NMDFC in 8 years.



10. Security for Loan

For loans upto Rs.1,00,000	Self-Guarantee & Post Dated Cheques (PDCs)
For loans exceeding Rs.1,00,000 and upto Rs.5,00,000-	Guarantee of one employee of PSU/Govt./Bank or one income tax payee/ Public Representative. & Post Dated Cheques (PDCs)
For loans exceeding Rs.5,00,000	Guarantee of two employees of Govt./PSU/Bank or two income tax payee/ Public Representative OR Collateral by way of Mortgage of landed property/ Immovable Property of not less than the same value. & Post Dated Cheques.



11. Insurance

The SCAs will arrange for the insurance of the artisans against death & disability through tie-up with insurance provider. The insurance shall be taken for the duration of the loan.



12. Major Scheme Parameters

S.No.	Parameters	Scheme Details
i.	Loan Amount	Up to Rs. 10.00 Lakhs
ii.	Rate of Interest for Artisan	5% p.a. for Male Artisan. 4% p.a. for Women Artisan
iii.	Rate of Interest for SCAs	3% p.a. for Male Artisan 2% p.a. for Women Artisan
iv.	Moratorium period	6 months
v.	Repayment period for Artisan	5 years
vi.	Repayment period for the SCAs	8 years
vii.	Means of Financing; NMDFC: SCA/Artisan contribution	90:10 (with minimum 5% from Artisan)
viii.	Utilization Period 3 Months	3 Months



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