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Ministry of Rural Development  
National Rural Livelihoods Promotion Society  
(NRLPS)

6<sup>th</sup> Floor, Hotel Samrat,  
Chanakyapuri, New Delhi.  
Dated:- 30<sup>th</sup> October, 2015.

To

The State Mission Director/CEOs,  
State Rural Livelihoods Mission  
All States/UTs

Subject: - Simplification of MCP (microcredit plan, micro-investment plan or micro-plan) at SHG level to avail CIF and/or Bank Loan.

Sir,

Several States had raised the issue of complexity in the MCP procedure under NRLM, leading to delays in disbursement of CIF to SHG/Federations. Accordingly, a consultation was held on the issue with a few states in Delhi on 15<sup>th</sup> -16<sup>th</sup> September, 2015. Based on the discussions, a revised advisory on the MCP procedure has been developed and is attached herewith. Please note that this is an advisory and may be customized by SRLMs as per their requirement.

Encl: As above.

Yours Faithfully,



(Nita Kejrewal)  
Director (A&F)

Copy to:

Shri G. Muralidhar, Head, IC/CB



## Micro Credit Plan

Micro Credit Plan (MCP) is a tool used by Self Help Groups (SHG) to capture and prioritize their credit needs. MCP is also referred as Micro Investment Plan (MIP), Micro Plan (MP), Micro level/Family livelihood Plan etc. On the basis of the MCP the Cluster level federation (CLF)/ village organisation (VO)/Banks disburse loans including loans from Community Investment Fund (CIF), to the SHG. Micro Credit Plan is a bottom up plan prepared by the SHG members for various credit/investment/livelihoods needs. It is a family/household investment plan developed by them based on their existing skills, resources, experiences and the opportunities locally available to them. The MCP process includes SHG profile, member profile, income-expenditure analysis, household level plan and consolidated household plan at SHG level, appraisal, prioritization and rotation amongst SHG-VO-CLF. Every time the SHG wants to avail new CIF/Bank loan/any other external loan, they may conduct MCP/MIP/MP. This plan can also be conducted/aggregated for taking up/facilitating convergence, collective interventions and meeting other needs of SHGs.

Based on the experience over the past 4 years, the MCP/MIP/MP process is revised as follows after consultations with the states:

### Revised Indicative MCP/MIP/MP/Livelihood Plan Processes:

#### 1. Eligibility of SHG for MCP/MIP/Livelihood Plan

- SHG should be at least 6 months old
- SHG must be "A" or "B" grade.

#### 2. Prerequisites for conducting the MCP/MIP/Livelihood Plan

- **Updated SHG profile** - updated by the Active Women or Bookkeeper.
- **Updated Socio-economic profile of members**—updated by the Active Women or Bookkeeper.
- **Member-wise Income and Expenditure statement** - For SHG members to understand their situation on their own they need to prepare member-wise statement of Income and Expenditure. It helps the members to analyze their own patterns of income and expenditure so that the members can plan their investments and reduce their expenditures etc. During the first 3-5 months itself, this analysis can be done for each member of the SHG in the regular meetings of SHG, to appreciate each other's socio-economic situation. Active Women/Book Keeper could take up this facilitation process.
- The above 3 steps should be completed prior to MCP/MIP/Livelihood plan preparation. These processes should be facilitated by the Active Women/SHG Bookkeeper and may be completed during the SHG meetings itself within the first 6 months of the SHG formation
- Apart from the above 3 steps, a **situation analysis of the village** should be completed by the members of the SHGs in the village and important stakeholders of the village. A prior village level planning exercise done would feed this analysis. This analysis include Social and Resource mapping of the village, village livelihoods mapping, Traded-in Traded-out and identification of opportunities available in the village etc.
- **SHG must be oriented on MCP preparation.**

### 3. MCP/MIP/MP/Livelihood plan Process

- **3.1 Member-level Plan**
  - In the meeting of the SHG on Day 1, based on the village analysis and the income-expenditure analysis conducted earlier, the members would be facilitated to develop their individual plans.
  - These plans would be fine-tuned through discussions amongst the SHG members.
  - At the end of the day, the members would have draft individual plans, which they can take up for discussion with their families.
- **3.2 Finalisation of individual plans and consolidation of SHG plan**
  - In the meeting on Day 2, the members confirm or make any changes in their plans in the meeting.
  - Repayment terms and rotation schedule of the loan amount to members would be discussed and included in the MCP/MIP/MP/Livelihood plan.
  - The final individual level plans would be consolidated at the SHG level.
  - The SHG then prioritises the loans to the members and ranks them in the order of giving loans to them.
- **3.3 Appraisal**
  - In the same meeting, the MCP/MIP/MP/LP prepared is presented to the representatives of the Village Organisation (VO), specially invited to the SHG meeting, or other SHG leaders (if the VO is not there), for appraisal and approval. MCP would be revised based on the appraisal.
  - The final appraised and approved MCP/MIP/MP/LP is signed by all the members of SHG, the leaders and the facilitators. A revised MCP/MIP/MP template is at **Annexure-1**.
  - A copy of the MCP/MIP/MP would then be presented/submitted to the VO/CLF/Mission (BMMU)/Bank to avail loans/CIF.
  - The MCP/MIP/MP process would be recorded in the minutes book of SHG.

### 4. Post MCP/MIP/MP/Livelihood planning

- **4.1 Fund release**

Having received the appraised and approved MCP/MIP/MP, the VO should release funds within a week. If the VO doesn't have funds, it may send an indent to Cluster level federation (CLF) or BMMU (In the absence of CLF) to release CIF funds in bulk repayable to CLF.

The total amount of CIF for a CLF in a cluster can be computed based on the target population of the cluster and the following provisions for transferring the entitled funds in advance to the Institutions of Poor can be made.

- CIF can be released to the SHG in the absence of VO.
- If VO is in existence:
  - ❖ 50% of the entitlement of the VO (Total CIF entitlement of the VO minus the CIF amount already disbursed to the SHGs) should be given to the VO.

- ❖ 6 months after the first installment, the remaining entitlement CIF amount would be given to the VO as next installment.
- ❖ Triggers for release of Funds to VO:
  - ✓ Formation of executive committee of the VO.
  - ✓ VO should have its own Bank Account.
- In the presence of CLF:
  - ❖ Once CLF is formed and has a separate Bank account CIF should not be released to VOs directly
  - ❖ The undisbursed CIF amount (after releasing the first/2nd installments to SHG/VO) if any, should be given to the CLF.
- **4.2 Rotation**
  - Once the CIF is released to SHGs, SHGs may release the same to members as per the prioritization in MCP. Repaid amount should be rotated among the members of SHGs according to the prioritization plan.
  - Once the CIF is repaid to the VO, the same amount should be rotated among the SHGs of that VO.
  - Like wise CLF also should rotate the repaid amount among the VOs

#### **5. Aggregation of MCP/MIP/MP/Livelihood plan:**

- ❖ MCPs should be aggregated at VO/CLF level and SHGs/VOs should be prioritized for release of CIF.
- ❖ MCP data should be aggregated at the VO and CLF level to analyze the livelihood needs, convergence needs and capacity building needs. Collective interventions can be planned based on the aggregation of MCP/MIP/MP

**Note: The above MCP process is indicative and SRLMs may revise it according to the suitability of the specific requirements of the states.**

### Attachment-1: Proposed Format for the MCP

#### MCP Format

SHG Name: VO Name: Village Name: Gram Panchayat Name: Block Name: Dates for Conducting MCP:	SHG Profile	Y/N
	SHG Member Profile	Y/N
	Member Income-Expenditure Analysis	Y/N
	Village Resource/Livelihoods Analysis	Y/N

S. No	Names of the Members of the SHG	Purpose of Loan	Total Loan Amount Required (in Rs.)	Expected Loan amount (CIF/Bank...)	Priority/Rotation	No. of Instalments	Signature of the Members
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							

**Details of Group level Activities:**

1							
2							
3							

Any other Needs: (Convergence, Vulnerability, Training etc.)

Signed by SHG Leaders:

President/Leader 1:

Secretary/Leader 2:

Appraised and approved by Other SHG Leaders or VO Office Bearers:

S. No	Names of the Leaders	Name of the SHG	Leadership Position Held	Signature
1.				
2.				
3.				
4.				

Facilitated by Facilitators and Mission Staff of SRLM involved, if any:

S. No	Name of the Facilitators/Mission Staff	Position	Signature
1.			
2.			
3.			
4.			

