



JANASANYOG, ASSAM
CHIEF MINISTER'S PUBLIC RELATIONS CELL, DISPUR

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Govt. inks MoU with MFIs and banks to waive microfinance loans of poor women borrowers

38 MFIs and Banks sign MoU with the state government

Scheme aims micro-finance support for economic activities of the poor: CM

Dispur, August 24: With a view to provide succour to poor women borrowers who are not able to return the loan amount of Micro Finance Institutions (MFIs), the Finance Department of the Government of Assam signed an MOU with Microfinance Institutions for implementation of Assam Micro Finance Incentive and Relief Scheme (AMFIRS), 2021 in the presence of Chief Minister Dr Himanta Biswa Sarma at a programme held at Assam Administrative Staff College in Guwahati today.

Finance Minister Ajanta Neog, Agriculture Minister Atul Bora, Education Minister Dr Ranoj Pegu, Housing and Urban Affairs Minister Ashok Singhal, WPT&BC Minister UG Brahma and Chief Secretary Jishnu Barua were also present at the MoU signing ceremony.

Altogether 38 MFIs and Banks signed the MoU with the state government, which will remain in force till March 31, 2023.

Amongst the prominent MFIs and Banks that signed the MoU include Microfinance Institutions Network, North East Small Finance Bank, Association of Small Finance Bank of India, Nightingale Finvest Private Limited, Grameen Development and Finance Pvt. Ltd., North East Micro Finance Association, Bandhan Bank Ltd, Arohan Financial Services Ltd, HDFC Bank Ltd, Fusion Microfinance Pvt Ltd, L&T Financial Services and Asirvad Microfinance Ltd.

Speaking on the occasion, Chief Minister Sarma said that the Assam government in its first cabinet meeting formed a committee under the chairmanship of Housing and Urban Affairs Minister Ashok Singhal to fulfil its election promise of waiving micro-finance loan to provide succour to poor women who are not able to return the loan amount.

“Accordingly, Assam Micro Finance Incentive and Relief Scheme has been devised with an objective to balance long term view of ensuring continuity of micro-finance for supporting economic activities of low income and poor households in the state and providing relief to eligible customers for tiding over current stress in the micro-finance sector due to various operational reasons”, the Chief Minister said.

Stating that upto June, 2021 there were 14 lakh microfinance borrowers in the state, the Chief Minister informed that the new scheme would involve Rs. 12,000 crore credit portfolio, out of which State government would be required to expend around Rs. 7,200 crore.

He further said the scheme emphasizes responsible lending by financial institutions through compliance of RBI regulations and industry guidelines in letter and spirit, while promoting responsible borrowing and timely repayment culture among customers.

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Detailing the provision of the MoU, the CM said that relief under the scheme shall be extended to all borrowers to the extent of loans from up to 3 lenders and for loan amount of up to Rs. 1.25 lakhs only. To become eligible for the scheme, concerned borrower will have to fulfill eligibility or non-eligibility conditions as laid down in the guidelines.

The Chief Minister further said that under the scheme borrowers who have been repaying regularly with Zero Days Past Due will be provided one-time incentive to the extent of their outstanding balance, subject to a cap of Rs. 25,000/-. Similarly, borrowers whose payments are overdue, that is the accounts which are overdue but not NPA, the state government will pay the overdue amount. All such borrowers will be encouraged to make timely installment payments so that their accounts remain standard and credit culture is reinforced. To incentivize such credit discipline, the government, after observing such borrowers for a time period, as may be decided with mutual consultations, on a case to case basis, make onetime incentive payment of Rs. 25,000/- or equal to the outstanding balance, whichever is lower. Further, borrowers who are stressed, destitute and whose accounts have become NPA will need to apply through a format verified & certified by the lender. Government will consider providing partial relief or full relief based on detailed evaluation.

The Chief Minister also said that many people in the state are stressed by private money lenders. Keeping this in view, the state government decided to promote borrowing through MFI and Banks only that carry out their operations strictly adhering to RBI guidelines. The CM also urged the MFIs and Banks to maintain fair practice code of RBI while disbursing loans in future. Dr. Sarma at the same time called upon the people to ensure judicious utilization of borrowed money.

Earlier, MFIs representatives while welcoming the state government initiative hailed it as historic and affirmed conviction that the move would go a long way in ensuring 100% financial inclusion in the state. On behalf of the MFIs and Banks, CEO of Arohan Manoj Kr. Nambiar, President of Bandhan Bank Kumar Asish and CEO and Director of MFIN Dr. Alok Kumar spoke on the occasion.

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