

Request for Information for Selection of Banking Partner(s) to Provide Interest-free Loans to Entrepreneurs and Community Based Organisations across the State of Meghalaya



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**17<sup>th</sup> September 2021**

**Meghalaya Basin Management Agency**

Upper Nongrim Hills, Shillong East Khasi Hills,

Meghalaya 793003 (India)



# Meghalaya Basin Management Agency (MBMA), Shillong

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Provide Interest-free Loans to Entrepreneurs and Community  
Based Organisations across the State of Meghalaya

**MBMA/ FOCUS/RFP/73/2020-22/1**

## 1. Schedule of Request for Information (RFI) Process

MBMA would endeavor to adhere to the following schedule from the date of issue of notification during the process:

EVENT DESCRIPTION	DATE
Notification Number of RFI	MBMA/ FOCUS/RFP/73/2020-22/1
Last date for receiving queries	01-10-2021
Pre-Proposal Conference Date, Time & Venue	Physical conference shall not be conducted in view of the prevailing pandemic situation. In case substantial queries arise, MBMA at its discretion shall notify the date, time and venue / mode of the pre-bid conference in the tenders section of <a href="http://www.mbda.gov.in">www.mbda.gov.in</a> and <a href="http://www.mbma.org.in">www.mbma.org.in</a>
Last date and address for submission of response (Soft OR Hard Copy)	15-10-2021, 03.00 PM  Hard Copies are to be submitted at: O/o Meghalaya Basin Management Agency (MBMA), Meghalaya State Housing Financing Co-Operative Society Ltd., Nongrim Hills Shillong, Meghalaya – 793003  Soft Copies are to be submitted via e-mail to <a href="mailto:prime.rural.mbma@gmail.com">prime.rural.mbma@gmail.com</a>
Date of presentation of responses by Banks	To be intimated later.
Address for sending queries / communication	The Chief Executive Officer, Meghalaya Basin Management Agency (MBMA), Meghalaya State Housing Financing Co-Operative Society Ltd., Nongrim Hills Shillong, Meghalaya – 793003 Email Id: <a href="mailto:prime.rural.mbma@gmail.com">prime.rural.mbma@gmail.com</a>

If any date specified herein is a holiday, then the next working day will be considered for the activity and the time will remain the same.

The Schedule indicated above is tentative and MBMA may change any or the entire schedule. Such change in schedule shall be notified in the tenders section of [www.mbda.gov.in](http://www.mbda.gov.in) and [www.mbma.org.in](http://www.mbma.org.in).

## 2. Background

The Government of Meghalaya aims to achieve its vision to be in the “Top 10 states in 10 years” in terms of GSDP per capita and SDG ranking. The vision is planned to be achieved based on the strategy of development and progress across six core pillars- Primary Sector, Human Development, Governance, Environment, Infrastructure, and Entrepreneurship. Under each pillar, the government has launched and implemented various initiatives, programs, and policies aligned to the vision.

Now, in order to further its development agenda in two of the core pillars mentioned above, i.e., Primary Sector and Entrepreneurship; the Government of Meghalaya through the Meghalaya Basin Management Agency (MBMA) and its subsidiary – the Livelihood Improvement Finance Company of Meghalaya (LIFCOM) would like to partner with Scheduled Commercial Banks operating in Meghalaya for providing interest-free loans to individuals, registered partnership firms, companies and Cooperative Societies for setting-up small-scale business units and/or as working capital support. These individuals and Community Based Organizations shall be identified and given technical assistance, including preparation of business plans, by various Government Departments / Agencies.

## 3. Proposed Partnership Model

The Government of Meghalaya through its various Departments / Agencies shall solicit applications from individuals, registered partnership firms, companies and cooperative societies interested to setting-up small-scale business units under various Schemes / Programs / Missions. These applications shall be forwarded to LIFCOM for scrutiny and selection.

A Loan Application Scrutiny Committee (LASC) shall be constituted by LIFCOM to scrutinize the applications received from the various Government Departments / Agencies. Upon the positive recommendation of the LASC; LIFCOM shall forward selected applications, including their business plans, to the banking partner(s) for providing loans.

LIFCOM shall provide full interest subvention for the loans provided by the banking partner(s) to these selected applications. Hence, such loans shall be an interest-free loan to the applicant / beneficiary.

## 4. Loan Categories

Loans to be provided through the above-mentioned model are envisaged to be under the following categories:

- Category 1: Loans of up to Rs. 50,000 to individuals, registered partnership firms and companies for setting-up of agri-business units, in multiple replicable models – Mushroom Mission and Apiculture Mission are two programs that will generate

applications in this category immediately.

- Category 2: Loans between Rs. 50,000 and Rs. 10,00,000 to individuals, registered partnership firms and companies for setting-up of business units across sectors – Promotion and Incubation of Market-Driven Enterprises (PRIME) is program that will generate applications in this category immediately.

Category 3: Working Capital loans of up to Rs. 10,00,000 to registered Cooperative Societies for value chain development, primarily in Agri-allied sector – Lakadong Mission, and the Meghalaya Livelihoods and Access to Markets Project (M-LAMP), are programs that will generate applications under this category immediately.

- Category 4: Working Capital loans between Rs. 10,00,000 and Rs. 50,00,000 to registered progressive Cooperative Societies with large membership for value chain development in Agri-allied sector – application under this category will be generated from the Meghalaya Livelihoods and Access to Markets Project (M-LAMP) for the foreseeable future.

## 5. Information Sought

MBMA would like to know from Scheduled Commercial Banks operating in Meghalaya the following regarding the above-mentioned loan categories:

- i. What will be the interest rate that LIFCOM will have to subvert for the above-mentioned categories of loans, and for what tenures?
- ii. What duration of repayment moratoriums are the banks willing to give for the above-mentioned categories of loans?
- iii. What will be the repayment frequency for the above-mentioned loan categories; monthly, quarterly, bi-annually or annually?
- iv. Suggestions on methods to reduce financial burden of LIFCOM arising from these interest subventions.

## 6. Mode of Submission

Scheduled Commercial Banks interested to partner with LIFCOM for providing interest-free loans, in the model stated herein, may submit their response to the above information sought along with model repayment schedules for each of the loan categories in soft copy via e-mail to [prime.rural.mbma@gmail.com](mailto:prime.rural.mbma@gmail.com) or in hard copy submitted to the below address, on or before 15<sup>th</sup> October 2021, 3.00 PM:

Meghalaya Basin Management Agency (MBMA), Meghalaya State Housing Financing Co-Operative Society Ltd., Nongrim Hills Shillong, Meghalaya – 793003

Name, designation, mobile phone number, postal address and e-mail id of the contact person must be clearly indicated in both e-mail and the hard copy submissions.

Any queries regarding this RFI may be addressed to [prime.rural.mbma@gmail.com](mailto:prime.rural.mbma@gmail.com), no later than 1<sup>st</sup> October 2021.

MBMA or LIFCOM may ask for presentations from interested banks for a better understanding of submissions; the date, time and mode for such presentations will be intimated later.

## 7. Selection Process

MBMA and LIFCOM shall examine all the submissions by interested banks and seek clarifications / presentations if required. One or more banks could be selected as LIFCOM's banking partner(s) for providing interest-free loans, and maybe different for different loan categories.

Selected banking partner(s) shall enter into an MoU detailing the terms and conditions of the interest subvention by LIFCOM and interest-free loans to be provided by the banking partner(s) to individual beneficiaries and Cooperative Societies.

## 8. Expected Level of Service from Selected Banking Partner(s)

The banking partner(s) shall examine the applications forwarded by LIFCOM and undertake their own due diligence, and in case they have concerns regarding the credit history of certain applicants, the banking partner(s) may bring it to the notice of LIFCOM within a period of 15 days; in case of all other applicants the banking partner(s) must disburse loans within 30 days, failing which the MoU shall be terminated.

## 9. About LIFCOM

Livelihood Improvement Finance Company of Meghalaya Limited (LIFCOM) is a not-for-profit - Section 25 Company registered under the Companies Act, 1956. It is a subsidiary of Meghalaya Basin Management Agency (MBMA), a Government of Meghalaya Company.

Promotion of micro, small and medium scale enterprises by providing equity, loans, micro credit, debt financing, etc. is one of the main objectives of LIFCOM.