

NAGALAND DEPUTY COMMISSIONERS CONFERENCE 2025

CONCEPT NOTE FOR THE SUB-THEME: Nagaland Chief Minister's Micro Finance Initiative (CMMFI)

1. Background:

Launched on August 23, 2022, by Union Finance Minister Nirmala Sitharaman and Chief Minister Neiphiu Rio, the Chief Minister's Micro Finance Initiative (CMMFI) aims to catalyse grassroots entrepreneurship, boost agricultural productivity, and support micro and small enterprises through accessible and affordable financial support mechanisms in Nagaland.

2. Objectives

- Enhance farmers' income through increased investment in agriculture and allied sectors.
- Promote self-employment and entrepreneurship development.
- Inculcate a sense of credit discipline among beneficiaries.
- Boost private enterprise and improve agri-marketing networks and infrastructure.

3. Eligible Beneficiaries (All indigenous inhabitants of Nagaland)

- Farmers
- Entrepreneurs
- Unemployed youth
- Self Help Groups (SHGs)
- Farmer Producer Organizations (FPOs)
- Cooperative societies
- Start ups registered under Startup Nagaland

4. Eligible Activities

- Construction of circular eco-hatcheries
- Rejuvenation of animal husbandry (dairy, piggery, goat, poultry, duckery)
- Integrated farming systems
- Zero energy and solar cold storage
- Procurement of transport vehicles for agriculture products (refrigerated and non-refrigerated)
- Post-harvest processing units
- Value addition units for multi-horticulture products
- Micro-enterprises (e.g., hostels, vocational training institutes, logistics & mobile food services, gyms, fitness centres, homestays)

5. Financing through Banks

All scheduled and cooperative banks operating in Nagaland are eligible lending institutions under CMMFI. They are required to create specific product codes to ensure streamlined tracking and implementation.

6. Funding Pattern

- Beneficiary Contribution: 10% of the project cost
- Bank Loan: 60%
- Back-ended Subsidy by Government of Nagaland: 30%

Additionally, the State Government provides an interest subvention of 4% on KCC loans and credit linkages to farmers, over and above the 3% provided by the Government of India, for prompt repayment of dues.

7. Repayment and Lock-in Conditions

- Loan Tenure: 5 years, extendable to 7 years or more at bank discretion.
- Lock-in Period: 2 years before foreclosure to avoid misuse of subsidy benefits.
- Loan Moratorium: A uniform 6-month moratorium is provided for all projects, during which the interest will be borne entirely by the state government.

8. Credit Guarantee Support

- For Loans Above ₹2 Lakhs under KCC: Village Development Boards (VDBs) or NSRLM Federations may provide guarantees from fixed deposits or community funds.
- Collateral and Guarantor-Free Loans: Coverage under CGTMSE for higher loan amounts, with the Annual Guarantee Fee (0.37%) for 1 year paid by the state government.

9. Subsidy and Fund Management

- The SBI Kohima Branch is the designated nodal bank.
- Three separate government accounts will be maintained:
 1. Subsidy Account
 2. Interest Subvention & Moratorium Account
 3. AGF CGTMSE Account
- Funds are released post-MoU execution between SBI Kohima and the state government.
- Participating banks submit monthly claims and receive subsidy remittances within 7 working days.
- Subsidy is kept in borrower-linked TDR accounts with 0% interest, locked for 2 years and adjusted back-ended.

10. Livestock Loan Provisions

- Mandatory livestock insurance for loans involving animals such as pigs, poultry, and cattle,
- Insurance provider must be included in the DPR and loan approval process.

11. Loan Recovery and Monitoring

- Recovery governed by the Nagaland Recovery of Loan Rules, 2009.
- VDBs and NSRLM may support recovery efforts.

- SBI Kohima submits Monthly MIS Reports detailing utilization, disbursements, and outstanding balances.
- In the districts, the District Level Implementation-cum-Monitoring Committee (DLIMC) headed by the Deputy Commissioner meet at least once every month or whenever required to review the progress, grant extensions and ensure removal of bottlenecks and impediments in the implementation of the scheme.
- A State Level Implementation-cum-Monitoring Committee (SLIMC) headed by the Chief Secretary is in-charge of monitoring the implementation of the Scheme and making necessary policy adjustments for removing any difficulties faced during implementation. The Committee meets at least once in 3 months to review the progress made and to address issues, if any, in implementation of the scheme.

12. Borrower Identification & Approval Process

- Interested individuals and groups can apply through online or manually and are routed through the DLIMC.
- DLIMC, chaired by the Deputy Commissioner, screens, evaluates, and approves proposals and forwards them to respective banks for further processing and sanctioning of loans.
- Beneficiaries must demonstrate investment capacity, project understanding, and financial discipline.

13. Project Support and Handholding

Nodal departments, NSRLM, COFU (IDAN) and KVKs offer assistance in:

- DPR preparation
- Technical support for inputs, marketing, and capacity building
- Training on financial and operational aspects of enterprise development

14. Convergence with Other Schemes

- KCC Loans: With 7% interest rate, further reduced to 0% upon prompt repayment via Gol (3%) + GoN (4%) subvention.
- Agriculture Infrastructure Fund: Can be combined with CMMFI for infrastructure-focused agri projects.

15. Summary of Government Commitments

- 30% back-ended subsidy on approved projects
- 4% additional interest subvention on eligible loans
- Interest payment during 6-month moratorium
- AGF payment of 1 year for CGTMSE loans up to 250 lakhs
- Monthly monitoring and reporting mechanism