

**ANNEXURE-IV**  
**FORMAT OF ARTICLES OF AGREEMENT FOR USE BY NGOs WHILE FINANCING**  
**SELF HELP GROUPS**

The Articles of agreement made on this -----day of----- 20—at-----by  
between.

M/s.------(name of SHG)-----undersigned/registered association  
of persons/individuals have its office-----represented by it authorized representative

Shri/Smt-----  
(Name )(Address) (Designation)

andShri/Smt-----  
(Name )(Address) (Designation)

Who are fully authorized by the member of the SHG, (a copy if such authorization annexed hereto and forms part of this agreement), hereinafter referred to as to “borrower” which expression shall unless repugnant to the subject or context there mean and include members of the unregistered association of the time being the respective successors, legal heirs, administrators and assign of the one part and -----(name of the NGO) a body corporate constituted under the -----Act-----having its Head Office----- and the branches, interalia, one at-----hereinafter called “the NGO” which expression shall unless repugnant to the subject or context thereof mean and include its successors and assignees of the second part.

Whereas the borrower is an unregistered/registered association of persons who have inter- se agreed to help each other as self-help group with a view to developing and ameliorating the socio-economic conditions of their members.

Whereas having formed the association as a self help group, the Borrower as per application dated-----made by the said

Shri/Smt-----  
(Name )(Address) (Designation)

Shri/Smt-----  
(Name )(Address) (Designation)

Authorized to borrow in terms of its resolution------(copy enclosed), requested the  
NGO to grant a loan/extent credit facility of Rs.-----/- up to the limit of Rs.-----/-  
(Rupees -----only) for on ending to its members.

And whereas the NGO has agreed to grant the loan/extend credit facility to the borrower on  
certain terms and conditions.(Delete whichever is not applicable).

And whereas the NGO and the borrower are desirous or reducing the agreed terms into writing.

Now, therefore, this agreement witnessed as follows;

1. The NGO has agreed to grant and the borrower has agreed to borrow by way of terms  
loan/cash credit unto to the limit of Rs...../- (Rupees.....only) and the NGO has opened  
(SPECIFY THE KIND OF LOAN ACCOUNT A/c No.....of date.....in the name of the  
borrower in its book of accounts.
2. In case the facility availed is cash credit the Borrowers will operate the cash credit account  
satisfactorily and within the limit and the borrower shall repay the outstanding liability in the  
account inclusive of interest and other charges debited from time to time on demand without  
demur.
3. In case loan availed in Demand Loan, without prejudice to the right of the NGO to recall the  
loan on demand the Borrower undertakes to repay the loan with interest and other charges  
within the period stipulated in terms of sanction.
4. In case the credit facility availed of by the borrower is a term loan the same shall be  
repayable in instalment in the manner specified here below in the repayment schedule (as  
per, repayment schedule enclosed). Besides the borrower will pay interest at the rates that may  
be prescribed for such lending by KSWDC from time to time.
5. It is clearly understood by and between the parties hereto that in the event of the borrower's  
failure to utilized the proceeds of the credit facility for the purpose for which the same has  
been made available by the NGO to the borrower, the borrower shall repay immediately on  
demand without demur together with interest without prejudice to NGO's right to initiate  
other legal action.
6. The borrower shall pay interest of the loans to be calculated on the daily balances in the  
account and be debited there to at quarterly rests or as the NGO may decide.
7. The borrower should utilize the proceeds of the credit facility for the purpose of lending to its  
members to improve the socio-economic conditions of their members and their families.
8. The borrower shall repay the credit facility availed of together with interest payable as per  
the interest rates that may be fixed by KSWDC Ltd from time to time for such lending.
9. The borrower shall be liable to repay the facility on demand together with the interest and  
other charges payable by the borrower to the NGO in accordance with the rules of the NGO.