

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

MINORITIES WELFARE DEPARTMENT – A.P. STATE MINORITIES  
FINANCE CORPN. Ltd. Hyderabad – Schemes – Revised guidelines –  
Issued.

---

MINORITIES WELFARE (MFC) DEPARTMENT

G.O.Ms.No. 30

Dated:23.07.2008.

Read the following:

1. Minutes of the review meeting held by the Hon'ble Chief Minister on 12.03.2008.
2. From the Vice Chairman/Managing Director, A.P. State Minorities Finance Corpn. Ltd. Hyd. Lr. No.1309/APSMFC/Loans/08, Dated 25.4.2008.

\*\*\*\*\*

ORDER:

In the meeting held on 12.03.2008 by the Hon'ble Chief Minister, it has been decided that, from financial year 2008-09, the Corporation shall not implement any schemes of financial assistance with loan component. All the schemes shall have only Subsidy component from the Corporations with bank credited linkage. The benefit of "Pavala Vaddi" scheme as applicable to Women Self Help Groups shall be extended to the beneficiaries of the A.P. STATE MINORITIES FINANCE CORPN. Ltd. Hyderabad.

2. The Vice Chairman/Managing Director, A.P. State Minorities Finance Corpn. Ltd. Hyderabad vide letter 2<sup>nd</sup> read above, has submitted proposals accordingly for restructuring the funding pattern of the following schemes:

1. Economic Assistance (Bankable Scheme)
2. Micro Credit to Self Help Groups
3. Minority Artisans Development Scheme in Clusters
4. Interest Subsidy Scheme.

3. Government, after careful examination hereby approve the restructuring the funding pattern of the schemes mentioned in para 2 above being implemented by the A.P. State Minorities Finance Corpn. Ltd. Hyderabad from the year 2008-09 onwards as detailed below:

- 1) Subsidy of 50% unit cost subject to upper ceiling of Rs.30,000/- per beneficiary.
- 2) 10% of the unit cost as beneficiary contribution.
- 3) 40% unit cost as Bank Loan.

4. The revised guidelines for implementation of the schemes mentioned in para 2 above from the year 2008-09 are appended to this order.

PT.O.

:: 2 ::

5. The Vice Chairman/Managing Director, A.P. State Minorities Finance Corpn. Ltd. Hyd. shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

LINGRAJ PANIGRAHI  
PRINCIPAL SECRETARY TO GOVERNMENT

To  
The Vice Chairman/Managing Director, A.P. State Minorities Finance Corpn. Ltd. Hyderabad.  
Copy to Finance (Expr.SW) Dept.  
Copy to PS to Prl. Secretary to CM.  
Copy to PS to Minister (E.C. & MW)  
Copy to SF/SC.

//FORWARDED :: BY ORDER//

**SECTION OFFICER**

## **ANNEXURE**

(G.O.Ms.No. 30 , MW (MFC) Dept. Dated:23.07.2008.)

### **ECONOMIC ASSISTANCE (BANKABLE) SCHEME**

#### **1. INTRODUCTION:**

People belonging to notified Minority Communities either individuals or groups whose annual income from all sources is below Rs.50,000/- are eligible for financial assistance under the scheme. The applicants should produce Caste, Income and nativity Certificates at the time of the selection itself. Employees and students are not eligible for the financial assistance under the scheme. Activities under Agriculture Allied Activities, Industries, Small Business Service, Transport Sectors etc., will be taken up with this financial assistance. The scheme will be implemented through individual activity.

#### **2. Objectives:**

The broad objectives in implementation of Individual Assistance Programme is to enable easy access for credit flow among the weaker section of minorities at cheaper rate of interest for Bank share of loans to establish any viable self-employment unit and to identify entrepreneurial capabilities among minorities and facilitate them to emerge as successful entrepreneurs in the society.

#### **3. Eligibility for Assistance:**

- i) Beneficiary should belongs to Minority community
- ii) Age between 18 to 55 years
- iii) Annual family income below Rs.50,000/-

#### **4. Pattern of Assistance:**

The financial assistance from the A.P. State Minorities Finance Corporation Ltd., by way of subsidy would be linked to the credit component of Banks. The revised pattern of assistance will be:

- i) Subsidy from Corporation 50% of unit cost subject to upper ceiling of Rs.30,000/-
- ii) Beneficiary Contribution 10%
- iii) Bank Loan 40%

#### **5. Repayment of Bank Loan:**

Bank loan will be given at the existing priority sector lending interest rates and will be recovered over a period of 3 years without any moratorium.

#### **6. Interest Subsidy (Pavala Vaddi) :**

However, the "Pavala Vaddi" as applicable to women Self help Groups shall be extended by the Minorities Finance Corporation to the Minority beneficiaries under the Individual Loan scheme, in order to ensure fiscal discipline and prompt repayment by the beneficiary.

#### **7. Selection Process:**

The Executive Directors must explain this position to the bankers and the beneficiaries in the beneficiary identification camps, so that bankers give consent to sanction required amount of bank loan portion. The identification of the beneficiaries will be done at Mandal level by the team of Officers with Mandal Parishad Development Officer as leader and MCRDO, Banker and any genuine NGO if available as members using the method of counseling. For identification of individual beneficiaries, the counseling for selection will be conducted in the main village of service area branch at the rate of not less than one Grama Sabha per Bank. A resolution to this effect will be passed in the DCC meeting and the

schedule of identification will be given wide publicity by way of beat of "Tom Tom", press release and circular to Gram Panchayats and Mandal Praja Parishads. The District collector & Chairman will be responsible for the implementation of the scheme at the District level. The V.C. & Managing Director, A.P. State Minorities Finance Corporation Ltd., Hyderabad and Convener, State Level Bankers' Committee will monitor the scheme at the state level.

#### **8. Constitution of Selection of sanction Committee:**

A Committee is constituted at the District Level to scrutinize the selections made at Mandal level and finalize the list of selected beneficiaries. The committee consisting of the District Collector as Chairman will have the following officers as members:

1. Project Director , DRDA
2. Lead District Manager
3. Executive Director, APSMFC

#### **9. Documentation:**

The Executive Director should complete the requisite documentations for release of subsidy.

#### **10. Operational Guidelines:**

Bank loan will be given at the existing priority sector lending interest rates and will be recovered over a period of 3 years without any moratorium. However, the A.P. State Minorities Finance Corporation shall extend "Pavala Vaddi" as applicable to women Self Help Groups to the Minority beneficiaries under the scheme.

#### **11. Criteria for selection:**

- i) Prospective eligible minorities must be identified in the districts for implementation of schemes
- ii) Preference must be give to women particularly Widows, Divorces or Destitute etc.
- iii) Those possessing technical qualification or considerable experience in the technical line must be preferred.
- iv) Un-employed candidates must be given preference.
- v) Potential and educated un-employed candidates may also be given weightage

#### **12. Grounding & Follow up action:**

- i) Proper follow-up in grounding of scheme after the release of the subsidy to the bank.
- ii) Inspection of the Unit

#### **13. Submission of Utilization.**

Every quarter the Utilization certificate along with the details of the beneficiary should be furnished to the Head Office.

### **MICRO CREDIT TO SELF HELP GROUPS**

#### **1. INTRODUCTION :**

To uplift Minority Women in urban and rural areas and to provide income generating activities for becoming self employable, the Andhra Pradesh State Minorities Finance Corporation has taken up the scheme of Micro Credit to Self Help Groups on the lines of Velugu. These Self Help

Groups were initially provided Revolving fund and then Micro Credit based on the credit rating after 6 months from the date of release of Revolving fund.

## **2. OBJECTIVE :**

To reach the poorest of the poor among the targeted beneficiaries, specially the Women who are unable to meet their small credit needs besides matching grant the corporation is providing financial assistance by way of Micro credit to make the group members self reliance and to improve their financial conditions successfully.

While continuing the programmes of Economic Assistance Programme (Bankable), the corporation is extending MICRO CREDIT SCHEME through Banks to provide an additional dimension in the efforts of the corporation to uplift the poor and downtrodden Minority Women. Under this scheme Micro Credit will be provided to the target groups for income generating economic activities. Micro Credit help in earning additional income by way of petty business and quick rotation of revolving fund. Micro Credit also helps the poor people to liberate from the clutches of money lenders who charge exorbitant interest rates on small borrowings.

## **3. NATURE OF ASSISTANCE:**

- i) Initially in the first phase Micro Credit of Rs.10,000/- to each member of the group who is found to be eligible and is having viable economic activity and is capable of repayment of loan to the bank will only be considered.
- ii) In the 2<sup>nd</sup> phase group will be eligible for further credit facility of Rs.20,000/- to each member (i.e. double the earlier loan) subject to regular & full payment of loan to the banks availed earlier and subsequently upto a maximum of Rs.30,000 to each member subject to regular and full payment of loan to the bank availed earlier.

## **4. COVERAGE :**

Micro Credit to Self Help Groups will be implemented throughout the state.

## **5. ELIGIBILITY FOR ASSISTANCE:**

1. Minority women and must be a member in Self Help Group.
2. Self Help Groups having availed Revolving Fund from DRDA and Municipalities are also eligible after (6) months of availment of Revolving Fund.
3. Homogenous (Minority) groups are eligible for availing Micro Credit from APSMFC.
4. Heterogeneous Groups (Mixed Groups) in which 80% minorities & 20% belonging to SC, ST, BC and other OBCs are also eligible for Micro Credit.
5. Senior SHGs i.e. (2) years above groups who have not availed revolving fund from any Government Agency are also eligible for Micro Credit.
6. Annual Income for Minority families should be below Rs.50,000 per annum.

Note: Self Help Groups who are having accounts in Mutually Aided Co-Operative Societies (MACS) successfully operating are also eligible for Micro Credit Loan subject to their operation in accordance to the MACs. Act.

## **6. PATTERN OF ASSISTANCE:**

- i) Corporation subsidy @ 50% of the loan amount.

- ii) Group savings @ 10% Total Loan
- iii) Bank Share @ 40% Total Loan

**7. REPAYMENT OF BANK LOAN:**

Bank loan will be given at the existing priority sector lending interest rates and will be recovered over a period of 3 years without any moratorium.

**8. INTEREST SUBSIDY (PAVALA VADDI) :**

However, the "Pavala Vaddi" as applicable to women Self help Groups shall be extended by the Minorities Finance Corporation to the Minority beneficiaries under the scheme, in order to ensure fiscal discipline and prompt repayment by the beneficiary.

**9. SELECTION PROCESS :**

The eligible Minority women of SHG's should approach the E.D.APSMFC. for financial assistance . The E.D. after receipt of proposals should place it before Selection Committee consisting of one representative of District Collector/Chairman, P.D. DRDA or his nominee, Banker, DMWO & E.D. APSMFC and the selection shall be made as per the Critical Rating Index.

**10. DOCUMENTATION:**

To release subsidy appropriate document need to be executed duly affixing the requisite value of stamps if any.

**11. GROUNDING & FOLLOW UP ACTION:**

After approval by District Selection committee, the E.D. APSMFC should complete appropriate documentation & release the subsidy to the bank who has accorded sanction and where the group is having its account within 15 days under intimation to the group member.

**12. SUBMISSION OF UTILIZATION:**

Every quarter the Utilization certificate along with the details of the beneficiary should be furnished to the Head Office.

**MINORITY ARTISANS DEVELOPMENT SCHEME IN CLUSTERS:  
(MADSC)**

**1. Introduction:**

Minorities on account of low literacy rate are generally engaged in servicing, technical trades (traditional or Modern) in order to eke out their livelihood day after day. To name a few cluster based minority artisans are Tailoring and Embroidery, Weaving, Goldsmithing, Blacksmithing, Carpentry, Woodcarving, Two, Three & Four Wheeler Servicing and any other cluster based handicrafts., The Minority Artisan are generally engaged in these trades or still using their primitive tools and work method due to not much vocational skills/ training. As a result the business as a whole leads to low level of productivity and income generation.

In order to ameliorate the working conditions of the minority artisans working in a cluster approach the corporation designed Minority Artisans Development Scheme in Clusters.

**2. Objective:**

The Primary objective of MADSC are:

- i) To increase productivity level
- ii) Minimum use of drudgery
- iii) Improvement of product/service quality
- iv) Increase of income generation level
- v) Modernization of equipment operation.
- vi) Increase of competitive abilities among minorities

**3. Nature of Assistance:**

MADSC essentially focus and targets on providing improved tool kits and small equipments to Minority Artisans engaged in cluster approaches.

**4. Coverage:**

MADSC will be implemented in all the Mandals of the district wherever Minority Artisans Cluster exists.

**5. Eligibility for assistance:**

- i) They should belongs to Minority community
- ii) Beneficiary should be a practicing Minority Artisan in the cluster
- iii) Age limit between 18 to 55 years
- iv) Minority families having annual income below Rs.50,000/- per annum

**6. Pattern of Assistance :**

- i) Maximum Unit cost allowed is Rs. 60,000 /- per beneficiary depending on actual requirement
- ii) Corporation subsidy at 50% of the unit cost subject to a maximum of Rs.30,000/- per beneficiary.
- iii) 10% Beneficiary contribution
- iv) Bank Share 40%

**7. Repayment of Bank Loan:**

Bank loan will be given at the existing priority sector lending interest rates and will be recovered over a period of 3 years without any moratorium.

**8. Interest subsidy (Pavala vaddi) :**

However, the "Pavala Vaddi" as applicable to women Self help Groups shall be extended by the Minorities Finance Corporation to the Minority beneficiaries under the scheme, in order to ensure fiscal discipline and prompt repayment by the beneficiary

**9. Selection Process:**

The Beneficiaries are required to obtain or download the application form for submission to the concerned district offices, which in turn will forward to the bank branches depending on the areas where the unit/residence of the beneficiaries are located. The Bank after processing the loan application form depending on the eligibility criteria will accord sanction of loan to the beneficiary through sanction letter. On receipt of bank sanction letter, the beneficiary concerned will complete the process of Documentation for release of subsidy. After this process the subsidy will be released to the concerned bank branch for final disbursement of the loan to the beneficiary.

**10. Documentation:**

To release subsidy appropriate document need to be executed duly affixing the requisite value of stamps if any.

**11. Grounding & Follow-up action:**

After 15 days the Executive Director should ensure the proper utilization of loan by the beneficiary for the purpose for which it was sanctioned and released. He should also verify assets and take photograph of the unit along with beneficiary in working posture. The Executive Director should furnish a quarterly report on subsidy and loan released and sanctioned under MADSC to Head Office.

**12. Submission of Utilization:**

Every quarter the Utilization certificate along with the details of the beneficiary should be furnished to the Head Office.

**INTEREST SUBSIDY SCHEME**

The Government of Andhra Pradesh has decided to restructure the system of financial assistance schemes, of the Corporation including the loans provided in collaboration with banks. The new systems envisage providing of subsidy component only from the year 2008-09 onwards.

The Government decided to provide interest subsidy to the Minorities for the financial assistance availed from the banks under all schemes of the Corporation. The Scheme will be extended to Minorities who are prompt in their repayment of loan availed from the banks. The interest subsidy will be released to the account of the beneficiaries upon conformation from the banks by way of loan clearance certificate, informing the beneficiary is regular in repayment of loan.

**OBJECTIVE:-** To encourage the beneficiaries for prompt payment of loan installments to the banks and to reduce their interest burden the interest subsidy is being provided by subsidizing the interest over and above 3% charged by the bank.

**APPLICABILITY:-** The scheme shall be applicable for all loans availed from the Corporation in collaboration with banks w.e.f. 01-04-2008.

**SPREAD OF INTEREST SUBSIDY:-** Usually all financial institutions (Banks) charge interest ranging from 12% to 17% depending on the quantum of loan availed by the beneficiary under the scheme the beneficiary is expected bear only 3% the difference in interest rate would be paid by the Corporation as Incentive to the beneficiary for Prompt Payment.

**MODE OF PAYMENT:-** The beneficiary should pay the loan installments in time along with interest charged by the banker, the beneficiary would be reimbursed the excess interest over and above 3% paid by him to the bank directly by the Corporation to the account of the beneficiary.

The loan amounts of individual Beneficiaries / Groups which are classified as overdue in the books of the banks at the time of half year closing and which are classified as non-performing assets at year end closing are not eligible on interest subsidy.

However, if they resume on time payments and regularize arrears they are eligible for the interest-subsidy.

**OPERATING MECHANISM:-** The Individual Beneficiary / Group on prompt repayment of loan installments to the banks in stipulated time should obtain

:: 7 ::

a certificate from the bank concerned, stating that the total loan has been repaid in stipulated time, the rate of Interest charged and the total amount recovered towards interest.

The beneficiary after receipt of loan clearance certificate from the bank should apply in a prescribed format directly to the Executive Director or on-line for reimbursement of eligible interest subsidy.

The Executive Director on receipt of interest subsidy application along with certificate of loan clearance from the bank on-line should process and release interest subsidy directly to the account of the beneficiaries on-line with in (15 days) from the date of registration of the application and send intimation to the beneficiary accordingly.

**PROCEDURE FOR RELEASE OF FUNDS:-** Funds under interest subsidy scheme will be released to the branch offices on quarterly basis by the Head Office. Depending on utilization and submission of U.C certified by internal auditors funds for subsequent quarters shall be released.

**ACCOUNTING:-** The Executive Director should furnish U.C on quarterly basis i.e. the four time in a year as on July 15<sup>th</sup>, October 15<sup>th</sup>, January 15<sup>th</sup> and April 15<sup>th</sup> every year along with certification of internal auditors.

LINGRAJ PANIGRAHI  
PRINCIPAL SECRETARY TO GOVERNMENT

//FORWARDED :: BY ORDER//

**SECTION OFFICER**