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PART I - Orders and Notifications by the Governor of West Bengal, the High Court, Government Treasury etc.

Government of West Bengal
Department of Self Help Group & Self Employment
Writers' Buildings, Kolkata-700 001

Memo no. 101/SH/2P-19/09

Dated, Kolkata, the 15th July, 2009

NOTIFICATION

The State Government has been considering for some time a proposal for providing interest subsidy to the Self Help Groups (SHGs) who are obtaining bank credit for undertaking economic activities. The State Government considers such economic activities being undertaken throughout the State by the SHGs to be of significant economic value and also fulfilling the self employment potential for the members of such groups particularly the women members. The Governor is, therefore, pleased to order that the State Government shall provide an interest subsidy to the eligible SHGs on a portion of the interest charged by commercial, Regional Rural and cooperative banks on bank credits obtained from 1st April, 2005 on interest to accrue on and from 1st April, 2009. The modalities of the scheme are detailed below.

1. Short Title

This Scheme may be called "The West Bengal Swarnidhar Sahayak Prakalpa" (hereinafter referred to as the WBSSP)

2. Commencement and Duration

Unless specifically mentioned against any provision mentioned hereinafter WBSSP shall be deemed to have come into effect from 1st day of April, 2009 in the whole of West Bengal and shall remain valid till further order

3. Definitions

Unless it is repugnant to the context, in the WBSSP

3.1. 'Banks' shall mean and include all banks formed under statutes and their branches, nationalized banks and their branches, West Bengal State Cooperative Bank and its branches, District Central Cooperative banks and their branches and Regional Rural Banks and their branches;

3.2. 'BSKP' shall mean the Bangla Swarnidhar Karmasanthan Prakalpa as being implemented by the Self Help Group and Self Employment Department of the State Government;

3.3. 'Default' for term loan accounts shall mean that on the reference dates i.e. 31st March and 30th September every year, any due instalment / interest remains unpaid. The instalment could be monthly, quarterly or half-yearly

as stipulated by the lending bank. "Default" for Cash credit and similar other working capital loan accounts shall mean and include any unpaid interest in the account as on the said reference dates or if the account is otherwise irregular on any other count such as the account being drawn in excess of limit or drawing power;

3.3. 'Self Help Group' also referred to as "SHG" shall mean a group of 10 or more persons not belonging to the same family and no member belonging to any other group who unite to form a structured organization registered or unregistered for meeting of group targets through group activities directed towards poverty alleviation of group members;

3.4 'SGSY' shall mean the project linked group scheme under the Swarnajayanti Gram Swarozgar Yojana initiated by the Ministry of Rural Development, Government of India and implemented in the State by the Panchayat and Rural Development Department of the State Government;

3.5 'SJSRY' will mean project based Self Help Group scheme under the Swarna Jayanti Sahari Rozgar Yojna initiated by the Ministry of Urban Development and Poverty Alleviation, Govt. of India and implemented in this State by the Municipal Affairs Department, Government of West Bengal;

3.6 'MIS' shall mean a computer based management information system to be developed by NIC for schemes coming under the WBSSP for monitoring of sponsoring, sanction, release of subsidy, disbursement, repayment and release and credit of interest subsidy to the accounts of SHGs through the use of a web based system accessible to all stakeholders for exchange of information, verification, analysis and evaluation of data and for generation of executive reports;

3.7 'NABARD' shall mean the National Bank for Agricultural and Rural Development as created by The National Bank for Agricultural and Rural Development ACT, 1981 (No. 61 of 1981);

3.8 'RTGS' shall mean Real Time Gross Settlement, a system administered by the Reserve Bank of India for quick transfer of money through the banking channel.

4. Applicability of the WBSSP

Unless otherwise mentioned specifically, the WBSSP shall normally be applicable to:

4.1 All SHGs who are covered under the NABARD Bank Self-Help Group Bank Linkage Programme including groups promoted by the Primary Agricultural Cooperative Societies (PACS) and other Cooperative agencies;

4.2 All groups who are covered under the group scheme of BSKP referred to as 'Atma Sanman' being implemented by the Self Help Group and Self Employment Department of the State Government;

4.3 All SHGs who are covered by the existing project linked group scheme of SGSY being implemented and monitored by the Panchayat and Rural Development Department of the State Government;

4.4 All SHGs who are presently covered by the existing Project based group scheme of SJSRY being monitored and implemented by the Urban Development Department of the State Government.

5. Non Applicability of the WBSSP

5.1 The WBSSP is not applicable to any Bank credit provided to the SHGs under any of the schemes mentioned at paragraph 4 above prior to 01.04.2005. 1.4.2009

5.2 The WBSSP is not applicable to the SHGs being formed or promoted by various private micro finance institutions or organizations.

6. Eligibility for WBSSP

6.1. Subject to sub clause '6.2' below all SHGs coming under the applicability criteria as specified under clause '4' above will be eligible for receipt of interest subsidy under this scheme on interest to accrue on and from 1st. April, 2009 provided they have obtained bank credit not exceeding Rs. 5.00 lakhs under any of the applicable schemes specified under clause '4' above on or after 1st April, 2005 and they have not defaulted on due repayment of either the principal or interest to the Bank providing such credit;

Provided those SHGs who have obtained bank credit exceeding Rs. 5.00 lakhs under any of the schemes specified under clause 4 above will also be eligible for the interest subsidy upto Rs. 5.00 lakhs while there will be no interest subsidy on the balance amount;

6.1 For the purpose of payment of interest subsidy Default will be calculated for each six monthly cycle in a financial year i.e. between the period 1st. April to 30th. September and between 1st. October to 31st. March;

6.2 In case of any SHG who is a defaulter in any six monthly cycle repays the entire overdue principal and interest in subsequent cycle/s it will become eligible for the benefit of the interest subsidy including those on account of previous default/s in the cycle during which the entire overdue principal and interest subsidy is repaid to the Bank provided that such Default cannot run for more than three years from the date of end of the cycle when it was due;

6.3 For the purpose of this clause the term 'Default' will be as defined at clause 3.2 hereinabove;

6.4 In case there is a dispute as to whether or not a SHG has defaulted on any cycle the decision of the designated Regional office / Head Office of the concerned Bank branch will be final.

7. Calculation of Interest Subsidy and Payment thereof under WBSSP.

7.1 For the purpose of this scheme interest subsidy will be the difference between 4 per centum and the actual rate of interest being normally charged by the Bank against the schemes mentioned at clause '4' above and as are charged from time to time and are due at the end of a six monthly cycle as specified at clause 6.2 hereinabove;

Provided that in no case the subsidy will exceed 7 per centum on the amount of credit at the end of each six monthly cycle;

7.2 Subject to clause 6.3 hereinabove, in case of backlog due to previous Default the admissible subsidy will be reckoned from the original cycle when it was due till the end of the cycle during which the previous dues are repaid;

7.3 For the purpose of this scheme the payment of interest by the SHGs will at the first instance have to be made on the prevailing interest or contractual rate of interest as are normally charged by the Bank in case of schemes specified at paragraph 4 above. The interest subsidy provided for herein will directly be credited to the Bank account of the concerned SHG on release of the same by the SHG & SE Department or its designated agency;

8. Modalities for submission claims for release of subsidy and Provision for MIS.

8.1 Since the Government considers it essential to maintain an absolute transparency in the system of submission of claim for subsidy, release of the subsidy amount and credit of the same to the respective bank accounts of the SHGs all such transactions will have to be through a web based Management Information System (MIS) to be developed and maintained by the National Informatics Centre (NIC).

8.2 All claims for subsidy will be submitted by the respective Bank branches at the end of each six monthly cycle as specified at clause '6' to the identified controlling office of the respective Bank branches who will send the consolidated claims for each Bank electronically to the designated agency of the SHG & SE Department along with a certification of the total amount of interest subsidy;

8.3 The designated agency of the SHG & SE Department shall release the subsidy amount through the RTGS route after due scrutiny and verification of the MIS based claim details to the identified controlling office of the respective Banks and the same will be electronically credited to the accounts of the respective SHGs. The entire exercise of submission of claims their verification, release of the subsidy amount and crediting of the same to the Bank accounts of the SHGs should be completed within 30 working days from the end of each six monthly accounting cycle as specified at clause '6' herein above. For this purpose all consolidated claims are to be submitted to the designated agency of the SHG & SE Department by the controlling office of the Banks within 15 working days and the release of the subsidy amount by the designated agency of the SHG & SE Department will have to be completed by the next 10 working days. The Controlling office of the Banks will be responsible for direct credit of the interest subsidy to the Bank account of the respective SHGs electronically within next 5 days.

8.3 The entire working arrangements and transactions stipulated in this clause will have to be based on online mode so that records can be sent, revised and corrected, requisition placed and financial releases made shall be web based and all statistics can be generated through a transparent work arrangement. To this end the software to be developed by NIC will generate data district and Bank wise and will enable better monitoring of sponsoring, disbursement repayment and release and crediting of interest subsidy as per the stipulated time frame. The common MIS to be developed by NIC will be required to be used at all operational levels of the Banks, district level administration and concerned Departments of the State Government for data verification, remittance, monitoring, audit etc.

8.4 In case of Banks who have not yet implemented the core banking solution (CBS) at all branch levels may designate selected nodal branches for implementation of the scheme for all branches under the nodal branch;

8.5 To ensure that the common MIS software to be developed by NIC is accepted by all Banks for implementation of this scheme a Core Group will be set up under the Chairmanship of Director NIC, West Bengal and State Information Officer with representation from RBI, selected Banks and NABARD and the Group will finalize the software before the first claim for interest subsidy under the scheme becomes due on 30.09.2009.

9. Power to amend and / or relax / repeal.

Notwithstanding anything contained in any of the provisions of the WBSSP, the State Government may at a time

- 9.1 make any amendment to this Scheme or repeal it;
- 9.2 make any relaxation in applying the provisions of this Scheme as the State Government may consider necessary and appropriate;
- 9.3 may issue instructions and guidelines to facilitate implementation, to remove anomalies and to clarify interpretations of the provisions of this Scheme.
- 9.4 The Scheme is issued with the concurrence of the Finance Department vide their unofficial No. 07 Group dated 15th. July, 2009.

By Order of the Governor,

VIKRAM SEN

Special Secretary to the Government of West Bengal.