



Financing of Joint Liability Groups (JLGs) of Micro entrepreneurs /artisans in Non Farm sector

1. The Scope of Activities

Within RNFS, a variety of traditional activities in handlooms, wood, metal, fibre, handicrafts, carpets, leather-works, etc., which are highly labour-intensive and have a niche market including exports provide good opportunities to micro-entrepreneurs. These potential micro enterprises could be pursued by forming JLGs.

2. Promotional support from NABARD

Under the scheme, NABARD would provide some incentives, to banks by way of promotional grants for forming, nurturing and financing JLGs, on an annual basis, for the first three years. NABARD would also extend need-based promotional support for training, exposure visits, experience-sharing, etc for banks' staff and other publicity and awareness-building measures.

3. Awareness – Building & Monitoring

It is suggested that the JLG concept and operational guidelines may be widely disseminated among branch managers and other field level staff so that they are adequately sensitised and encouraged to prepare perspective plans for JLG formation and their financing in the respective areas of operation. Rural branches may also explore the formation of non farm activity specific JLGs, which will facilitate pooling of demand for raw materials for non farm enterprises and other inputs as well as provide an opportunity for negotiating for better prices. The implementation of the scheme may be periodically reviewed in forums like Branch Managers' meetings, etc.

4. Simplified Process & Forward & Backward linkages

JLG financing in Non farm Sector is a good business proposition in view of the simplified documentation, group dynamics, good repayment culture and prospects of credit enhancement to quality clients. Continued and hassle-free access to credit coupled with support from the State Government and other extension and promotional agencies in terms of forward and backward linkages will facilitate graduation of JLGs to other micro-enterprises within the sector and ensure gainful employment and livelihood opportunities.

(No. NB.MCID/ 1063 /Innov.JLG/2009-10 dated 03 December 2009.Circular No.203 /MCID - 10 /2009))

Section 19 of the Banking Regulation Act 1949 (AACs) -Restriction on holding of shares

In pursuance of the powers conferred by Section 19 read with Section 56 of the said Act, the Reserve Bank has specified the extent and conditions subject to which cooperative banks may hold shares in any other cooperative society.

As per the extant instructions of the RBI, a cooperative bank should offer to make its contribution to the shares of a cooperative society only if the By-laws of the recipient society provide for the retirement of share capital contributed by it. The retirement of the share capital contributed by a bank to the shares of any society should be completed in 10 equal annual installments commencing from the cooperative year immediately following the year in which the concern commences business or production. Further, a cooperative bank should not, except with the permission of the Reserve Bank, contribute to the share capital of a society if it is situated outside its area of operation. As regards investment in the shares of IFFCO / KRIBHCO, banks may follow the instructions issued by the RBI.

The above restrictions will not apply to holdings by cooperative banks of shares in non-profit making cooperative societies such as those formed for the protection of mutual interests (e.g. Cooperative Banks' Association) or for the promotion of cooperative education, etc. (e.g. State Cooperative Union), or housing cooperatives for the purpose of acquiring premises on ownership basis, etc.

(Ref. No.NB.DoS.HO.POL. 4095 /J-1/2009-10 dated 09 December, 2009.Circular No. 207 /DoS. 42 /2009)

Centrally Sponsored Scheme - Establishment/ Modernisation of Rural Slaughter Houses

It has been decided by Government of India to launch a subsidy based credit linked scheme for establishment/modernisation of Rural Slaughter Houses on pilot basis during the remaining period of XI Five Year Plan with effect from 2009-10 in three States, viz., Andhra Pradesh, Meghalaya and Uttar Pradesh. The credit linked back-ended subsidy shall be provided on the total financial outlay for the sub-sectors. The assistance under the scheme shall be available to any company, partnership firm, NGO and individual entrepreneurs. Capital subsidy @ 50% of the total financial outlay of the project with the upper ceiling shall be available for all categories of the promoters.

The Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture, Government of India, is the focal department for the scheme. NABARD will be administering the subsidy and monitoring the progress of the

scheme besides providing refinance support to the eligible financing banks for the term loan extended under the scheme. Extent and interest rate of refinance will be as per instructions issued by NABARD from time to time.

The implementation of the scheme shall be monitored by the Central Monitoring Committee (CMC) on a half yearly basis and the State Level Sanctioning and Monitoring Committee (SLSMC) will review the progress on quarterly basis. The participating banks will conduct periodic inspections of the units and give a feedback to the SLSMC on a consolidated basis.

(Ref.No.NB.ICD.GSS/ 1583 /RSH-4/2009-10 dated 24 December 2009.Circular No. 217 /ICD - 44/2009)

Centrally Sponsored Scheme for Establishing “ Estates” and Mother Units For Rural Backyard Poultry

It has been decided by Government of India to launch a Centrally sponsored scheme for poultry development with a total outlay of Rs.150 crore during the XI FYP out of which Rs.28 crore is allocated for the year 2009-10. The scheme has following three components namely, (i) Assistance to State Poultry Farms, (ii) Rural Backyard Poultry and (iii) Poultry Estates.

- i. Assistance to State Poultry Farms : Under this component 100% financial assistance would be provided for strengthening the existing State Poultry Farms. This assistance would be 100% centrally funded for North Eastern States and for other States, the expenditure would be shared between Centre and State on 80:20 basis.
- ii. Rural Backyard Poultry Development : Under this component, mother units with a unit size of 1500 chicks would be established for rearing one day old chicks of low input birds upto 4 weeks, after which the birds would be supplied to beneficiary families. The mother units will get the day old chicks from State Poultry Farms or private hatcheries producing low input birds. The mother units will be eligible for a subsidy amount of Rs.0.20 lakh per unit which would be directly routed by the State Department of Animal Husbandry to the financing bank. The mother units will also be eligible for Interest Free loan of Rs.0.36 lakh per unit which will be routed through the financing banks by NABARD.
- iii. Poultry Estates : This component will be implemented on pilot basis and only two poultry estates in low commercial activity States/region like Bihar, Chhattisgarh, Jharkhand, Gujarat, Madhya Pradesh, Orissa, Uttarakhand, some districts of Uttar Pradesh and West Bengal, Vidarbha Region of Maharashtra and North Eastern States are expected to be established at this stage. While grant for infrastructure development will be provided to States in the ratio of 75:25 (Center to State), for other components 100% grant assistance will be provided through NABARD. The scheme envisages establishment of a maximum of 100 broiler or layer units of

2000 birds each, per poultry estate, which will be eligible for Interest Free Loan @ 50% of total financial outlay (TFO) of the project. Feed manufacturing units that are set up in poultry estates will also be eligible for Interest free loan @ 50% of the outlay.

The Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture, Government of India, is the focal department for operating the scheme. NABARD will be administering the Interest Free Loan and monitoring the progress of the scheme besides providing refinance support to the eligible financing institutions for the term loan extended under the scheme. The extent and interest rate on refinance will be as per instructions issued by NABARD from time to time. The implementation of the scheme shall be monitored by the Central Level Joint Monitoring Committee on a half yearly basis at National level. The State Level Sanctioning and Monitoring Committee (SLSMC) will sanction Interest Free Loan for the projects and review the progress on a quarterly basis at the State level.

(Ref.No.NB.ICD. GSS/1584 /Poultry estates-4/2009-10 dated 24 December 2009.Circular No. 218 /ICD- 45 /2009)

Centrally Sponsored Scheme - Integrated Development of Small Ruminants and Rabbits

1. It has been decided by Government of India to launch a centrally sponsored scheme for integrated development of small ruminants and rabbits for providing Venture Capital assistance during the remaining period of XI Five Year Plan in 24 states with a focus on 114 districts for small ruminants and 12 districts for rabbits. Under the scheme an Interest Free Loan (IFL) shall be provided based on the total financial outlay (TFO) for the various components.
2. The assistance under the scheme shall be available to landless labourers, marginal farmers and their SHGs for setting-up rearing units with preference to traditional shepherds, women and SC/STs. For breeding farms Individual farmers, traditional breeders, entrepreneurs, NGO, etc, would be eligible with preference to those who have organised the farmers into groups for taking up rearing of small ruminants and rabbits. The IFL @ 50% of the TFO of the project with the upper ceiling shall be available for all categories of the promoters.
3. Assistance under the scheme would be purely credit linked and subject to sanction of the project by eligible institutions. Banks shall, after sanction of loans, apply through their Controlling Offices to Regional Office (RO) of NABARD for sanction of Interest Free Loan. NABARD RO will scrutinise the claim proposal and ensure that those, which satisfy the terms and conditions are put up to State Level Sanctioning and Monitoring Committee (SLSMC) for sanction. The SLSMC will sanction the Interest Free Loan for projects to eligible institutions. NABARD would provide refinance support to the eligible financing banks for the term loan

extended under the scheme. The extent and interest rate on refinance will be as per instructions issued by NABARD from time to time.

4. The implementation of the scheme shall be monitored by a Central Monitoring Committee at national level on half yearly basis. At the state level the progress will be reviewed by the State Level Sanctioning and Monitoring Committee (SLSMC) on a quarterly basis. The participating banks will conduct periodic inspections of the units and give a feedback to the SLSMC on a consolidated basis.

(Ref.No.NB.ICD.GSS/ 1585/DSRR-4/2009-10 dated 24 December 2009.Circular No. 219 /ICD-46 /2009)

State-wise “Officers” at HO-SPD

The states have been allocated among officers of SPD in order to coordinate the overall functions of SPD in respect of a particular State and to facilitate two-way flow of information between HO and ROs. The role and responsibilities of State Coordination Officers will be :

The officer would be functioning as RO’ “point” with SPD, HO for all purposes, specifically on :

- ✓ The issues relating to sanction, deletion and cost escalation of project proposals.
- ✓ The requirement in enhancement of normative allocation if required by RO
- ✓ Additional information/clarifications, if required by HO
- ✓ Timely posing of DMoS submitted by ROs
- ✓ Special information required by ROs from SPD-HO such as the best practices adopted by other ROs, innovative projects sanctioned in other States, etc.
- ✓ Progress in disbursement
- ✓ Utilisation of Normative Allocation
- ✓ Non-starter/ lapsed projects
- ✓ Progress in conduct of High Power Committee meetings, etc.
- ✓ Tranche Completion Reports
- ✓ Monitoring : Targets and progress

(NB.HO.SPD / 629 / RIDF XV (Gen) / 2009-10 dated 07 December 2009. Circular No. 206 / SPD 08 / 2009)

Grant Assistance to Self Help Promoting Institutions (SHPIs) for promotion and credit linkage of SHGs - Revision of existing Guidelines

The norms of promotional grant assistance are revised as under :

Sr. No.	Particulars	Present Status	Revised
1	For formation and credit linkage of SHGs in hilly districts of NER	Maximum of Rs.5000/- for SHGs of 5 members and above.	1) Maximum of Rs.5000 for group of 5 to 14 members. 2) Maximum of Rs.6000/- for SHGs of 15 to 20 members.
2	For formation and credit linkage in hilly districts of Himalayan region in Jammu & Kashmir, Himachal Pradesh, Uttarakhand & West Bengal.	Maximum of Rs.5000/- for SHGs of 5 members and above.	1) Maximum of Rs.5000 for group of 5 to 14 members. 2) Maximum of Rs.6000/- for SHGs of 15 to 20 members.

(Ref.no. NB.MCID/ 1160 /PG 11/2009-10 dated 21 December 2009.Circular No.211/ MCID 11 /2009)

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