

GUIDELINES

FOR

CONCESSIONAL CREDIT

WEAVERS MUDRA SCHEME

1. Background:

Government approved Institutional Credit component under IHDS in December 2011 and provided margin money assistance of Rs.4200/- per weaver, interest subsidy of 3% and credit guarantee through Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE). Further, emphasizing the importance of providing subsidized credit to handloom weavers, Hon'ble Union Finance Minister in the Budget 2013-14 announced loan to handloom sector at 6% rate of interest. Accordingly, the Institutional Credit Component under IHDS was merged with the RRR package as Concessional Credit Component and Government approved Concessional Credit Component on 24th September 2013 for providing access to subsidized term loan as well as working capital loan to handloom sector.

2. Objective:

The objective of the scheme is to make available the credit to handloom weavers at concessional interest rates.

3. Components:

The component of the Concessional Credit Scheme will be:

- i. **Interest subsidy:** To provide subsidized loan to handloom sector at the interest rate of 6% for a period of three years, the quantum of interest subsidy to be borne by the Government of India will be for three years and limited to the difference between the actual rate of interest as applicable and charged by the Banks and 6% to be borne by the borrower. However, the Gol interest subvention will be capped at 7%.
- ii. **Margin money assistance:** Margin money assistance to a maximum of Rs. 10000/- per weaver will be provided, which will enable the handloom weavers, their self-help groups and joint liability groups to leverage this amount for borrowing loans from the banks. However, weavers' cooperative societies, weavers' producer companies, etc. will not be eligible for the margin money assistance. In case, the requirement of margin money for the loan required by the weaver is more, then the beneficiary or State Govt. or Implementing Agency or in any combination thereof will be required to contribute additional amount of margin money.
- iii. **Credit Guarantee:** The loans extended by the Banks/Financial Institutions to the handloom weavers will be guaranteed by the Credit Guarantee Fund Trust for Medium & Small Enterprises (CGTMSE). For this purpose, the required guarantee fee and annual service fee will be paid by the Government of India. Guarantee cover will be effective from the date of disbursement of loan by the bank for 3 years.
- iv. **Information, Education & Communication (IEC) Activities including Bunkar Facilitator:** These will be carried out to make the beneficiaries aware of the scheme by associating all the local stakeholders such as WSCs, Banks, State government officials, marketing agencies etc. Further, Banks will be authorized to engage Bunkar Facilitator for collection and preliminary processing of loan application for completeness in all respect, submission of application to the correct bank branch and post-sanction monitoring till disbursement of loan, for which Government of India will pay an incentive of 0.5% of loan amount disbursed subject to minimum of Rs.200 and maximum of Rs.2000 per loan sanctioned to the bank for onward payment to the Bunkar Facilitator.

4. Eligible Agencies to avail Loan from Banks/Financial Institutions:

Following agencies are eligible to avail loan from the Banks/Financial Institutions:

- i. Handloom Weavers involved in weaving activity,
- ii. Weaver Entrepreneur,
- iii. Self Help Groups,
- iv. Joint Liability Groups,
- v. Primary Handloom Weavers' Co-operative Societies,
- vi. Apex Handloom Weavers' Co-operative Societies, and
- vii. Producers' Companies/Consortia promoted by handloom weavers including those promoted under Cluster/Mega Cluster/Handloom Parks under SITP or other schemes of Ministry of Textiles.

5. Participating Banks:

All Scheduled Commercial Banks, Regional Rural Banks and State Cooperative Banks

6. Release of Fund:

A centralized on line claim disbursement system "Handloom Weaver MUDRA Portal" has been developed in association with Punjab National for submitting the claims for financial assistance in respect of interest subsidy, credit guarantee and Margin money in electronic mode through the portal. Margin money will be transferred to Banks in electronic mode. An MoU has been signed between Ministry of Textiles and Punjab National Bank for development, operation and maintenance of this system and a service charge @ 1.4% of the amount of margin money and interest subsidy disbursed will be paid to Punjab National Bank. Funds will be placed in a dedicated account operated by Punjab National Bank for settling the claims received from participating Banks. Participating Banks will submit the claims through Handloom Weaver MUDRA Portal.

6. Monitoring:

The following committees will monitor the implementation monitoring and review of the Scheme:

- I. National Implementation Monitoring & Review Committee(NIMRC):
 - a) Secretary, Ministry of Textiles, Govt. of India - Chairperson
 - b) DC (Handloom), Ministry of Textiles, Govt. of India - Convener
 - c) Representatives of the Department of Expenditure, Ministry of Finance, Govt. of India
 - d) Representatives of the Department of Financial Services, Ministry of Finance, Govt. of India
 - e) Representatives of NITI Ayog
 - f) Principal Secretary (PS)/Director, Handloom of the State Government
 - g) Chairman/Managing Directors, Scheduled Commercial Banks or his representative
 - h) Managing Directors, State Cooperative Banks or his representative
 - i) Chairman, Regional Rural Banks or his representative
 - j) Representatives of Reserve Bank of India(RBI)
 - k) Representatives of Indian Bank Association(IBA)

- II. State Implementation Monitoring & Review Committee(SIMRC):
- a) Principal Secretary (Handloom & Textiles) of the State – Chairperson
 - b) Representatives of NABARD
 - c) Managing Director, State Cooperative Bank
 - d) Managing Director, Apex Weavers Society
 - e) Representative of State Level Banker Committee Convener
 - f) Special invitee (To be decided by SIMRC as per the requirement)
 - g) Commissioner/ Director, Handloom of the concerned State(Nodal Department - Convener

