GOVERNMENT OF PUDUCHERRY
LOCAL ADMINISTRATION SECRETARIAT

(G.O. Ms. No. 54/LAS/2009, dated 5th January 2010)

ORDER

Whereas the Hon’ble Chief Minister announced on the floor of the Legislative Assembly during the Budget Session 2009-10 that the Government would introduce a scheme for giving interest subsidy and that the interest beyond 3% on loan of maximum amount of Rs.5.00 lakhs to each Self-help Group would be borne by the Government subject to prompt repayment;
And whereas it has been decided to implement the said scheme initially in Yanam region as a pilot project;

And whereas it is considered expedient to formulate detailed guidelines prescribing the procedure for the implementation of the abovementioned scheme;

And whereas the proposal has been considered by the Government and the proposed scheme being a welfare measure, there may be no objection for introducing the same as a pilot project in Yanam region;

Now, therefore, the Lieutenant-Governor, Puducherry is pleased to approve the proposed scheme and to issue the following guidelines for implementation thereof:

1. (1) Short title, extent and commencement.— This scheme may be called the Payment of Interest Subsidy to the Women Self-help Groups Scheme, 2009.

(2) It shall extend to all the Women Self-help Groups only registered with the Puducherry Urban Development Agency (PUDA), Local Administration Department and the District Rural Development Agency (DRDA) in the whole of the Union territory of Puducherry.

(3) It shall come into force in Yanam region from the date of publication of this order and in Pondicherry, Karaikal and Mahe regions on such dates as the Government may publish in the gazette.

2. Objectives.— This scheme aims at strengthening and empowering Women Self-help Groups by reimbursement of that part of the interest charged by Government banks over and above 3% per annum in respect of loan not exceeding Rs. 5.00 lakhs availed of by such Self-help Groups.

Explanation.— For the purpose of this clause, if the interest rate is more than 3%, the Self-help Group shall pay the interest amount to the limit of 3% and the remaining amount will be reimbursed by way of subsidy by the Government so as to reduce the financial burden of the Self-help Groups.
3. Definition.— In this scheme, unless the context otherwise requires,—

(a) “Bank” means any nationalized or scheduled or commercial or co-operative or regional rural bank;

(b) “Self-help Group” means any Women Self-help Group which has been registered with the Puducherry Urban Development Agency (PUDA), Local Administration Department and the District Rural Development Agency (DRDA);

4. Eligibility.— Women Self-help Groups which make prompt repayment of loan every year i.e. within the period fixed by the bank shall be eligible to avail interest subsidy.

5. Application of the scheme.— The scheme will be applicable to all loans extended to Self-help Groups by banks on or after the date of issue of notification extending the scheme to a particular region of Union territory of Puducherry.

6. Procedure and other conditions for payment of interest subsidy.— The interest subsidy in respect of loans sanctioned will be released to the Self-help Groups once in each year based on the performance of the repayment of loan duly obtaining loan account as on March 31st of the previous financial year. However, in respect of loan account which is closing during the middle of the period, interest subsidy will be released within one month of closure of loan account. The loan accounts which are classified as non-performing assets in the books of the bank at the close of previous financial year are not eligible unless the amount has been reclassified as regular non-defaulting amount by the lending banks.

7. List of documents to be obtained for payment of interest subsidy by the competent sanctioning authority.— The Commissioner of Municipalities and the Block Development Officers / Joint Block Development Officers shall obtain from the bank concerned the following documents before making payment of interest subsidy:—
(i) List of active loan accounts at the close of each financial year for which the claim is being made indicating the actual interest applied;

(ii) List of groups which have closed/foreclosed their account during the year indicating the actual interest charged by the bank;

(iii) Certified statement of eligible groups issued by the bank concerned.

8. **Authority to accord sanction for payment of interest subsidy.**—The Commissioner of Municipalities and the Block Development Officers/Joint Block Development Officers shall submit detailed proposals along with the required supporting documents as stated above in para 7 to the Project Director, Puducherry Urban Development Agency (PUDA) and the Project Director, District Rural Development Agency (DRDA), respectively for payment of interest subsidy to the eligible Self-help Groups and to obtain prior sanction.

9. **Authority to make payment of interest subsidy.**—The Municipal Commissioners or Block Development Officers/Joint Block Development Officers, as the case may be, shall determine the eligible interest subsidy and issue proceedings for release of interest subsidy to the Self-help Groups concerned based on the certified statement of eligible groups issued by the bank concerned within one month after the close of the previous financial year.

10. **Mode of payment of interest subsidy.**—The interest subsidy shall be paid directly to the Self-help Groups concerned by way of cheque and acknowledgment obtained.

11. **Issue of instructions by the Project Director(PUDA) and the Project Director, DRDA.**—The Project Director, Puducherry Urban Development Agency (PUDA) and the Project Director, District Rural Development Agency may issue detailed instructions in this regard taking into account all the safeguards for proper implementation of the scheme.
12. *Interpretation.*— In the interpretation of this scheme, if any doubt arises in regard to the interpretation of any of the provisions of this scheme, the matter shall be referred to the Secretary to Government, Local Administration Department, Puducherry whose decision thereon shall be final.

13. This issues with the concurrence of Finance Department *vide* their I.D. No. II3652/F4/2010, dated 5-1-2010.

(By order of the Lieutenant-Governor)

V. MANIVANNAN,
Under Secretary to Government.