

E. Concessional Credit/Weaver MUDRA Scheme

E.1 Objective

The scheme aims to provide adequate and timely assistance from the banks to the handloom sector to meet their credit requirements for term loan & working capital in a flexible and cost-effective manner across the country.

E.2 Eligible beneficiaries to avail Loan

- (i) Individual Handloom Weavers/Weaver Entrepreneurs
- (ii) Self Help Groups
- (iii) Joint Liability Groups
- (iv) Handloom organizations, including Primary Handloom Weavers' Co-operative Societies, Apex Handloom Weavers' Co-operative Societies, State Handloom Corporations and
- (v) Special Purpose Vehicle (SPV)/consortia promoted by handloom weavers in Mega Cluster/Handloom Parks etc.
- (vi) Handloom Producer Companies

E.3 Components

E.3.1 Margin Money Assistance

- (i) Individual Handloom Weaver/Weaver Entrepreneur - Margin Money assistance @20% of loan amount, subject to maximum of Rs.25,000/-.
- (ii) Handloom organization - Margin money assistance @20% of loan amount, subject to maximum of Rs.20.00 lakh (margin money @Rs.2.00 lakh for every 100 weaver/worker).

Additional margin money requirement, if any as per banking norms will be borne by the beneficiary Agency.

- (iii) Margin money assistance to Primary Handloom Weavers' Co-operative Societies/Apex Handloom Weavers' Co-operative Societies/State Handloom Corporations will be provided on the recommendation of State Director of Handlooms

E.3.2 Interest Subvention

Subsidized loans at concessional interest rate of 6% for a period of three years will be available to eligible handloom organizations only. However, this is subject to interest subvention cap only upto 7% by the GoI. Interest subvention as applicable will be provided maximum for 3 years from the date of first disbursement.

E.3.3 Credit Guarantee

- (i) The loans extended to the eligible handloom organizations will be guaranteed by the National Credit Guarantee Trustee Company (NCGTC)/Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE), as per decision of the Bank/Financial Institution concerned. Guarantee cover will be effective from the date of disbursement of loan for 3 years.
- (ii) If loan amount sanctioned is Rs.1.00 crore, handloom organization is eligible for getting maximum margin money assistance of Rs.20.00 lakh (margin money @Rs.2.00 lakh for every handloom weaver/worker). Therefore, credit guarantee would be covered on the loan amount disbursed upto Rs.1.00 Crore.

- (iii) The credit guarantee fee on loan amount disbursed would be borne by Gol for a period of 3 years.

E.4 Participating Banks

All Scheduled Commercial Banks, Regional Rural Banks, State Cooperative Banks, District Central Co-operative Banks and any financial institution with the approval of Competent Authority of Ministry of Textiles, Gol.

E.5 Operational Details

- (i) Eligible beneficiaries are required to approach participating Bank concerned for availing the MUDRA loan, for which application is to be filled in by the applicant and submitted in the bank with one of the following documents:
- Pehchan card issued by the O/o DC (Handlooms)
 - yarn passbook
 - Identity card issued by the State Government.
 - Handloom Organization – Registration Certificate, Balance Sheet, Profit & Loss Account, name of the weavers registered with Organization etc.
- (ii) Loan sanction letter will be issued by the bank to the applicant within one (1) month of the application date.
- (iii) Loans will be provided to all eligible handloom beneficiaries for 3 years.
- (iv) Individual handloom weaver who have availed loan upto issuance date of guidelines will be eligible for getting benefits of interest subsidy and credit guarantee fee upto 3 years from the date of first disbursement of loan amount. These benefits will be discontinued thereafter for sanctioning fresh loan to individual weavers.
- (v) Loan extended by banks upto Rs.10.00 lakh will be covered under MUDRA and loan above Rs.10.00 lakh will be covered under Concessional Credit.
- (vi) Individual weaver who have already availed margin money assistance will not be eligible for financial assistance in terms of margin money assistance, interest subvention and credit guarantee fee under the strength of Handloom Organization, SHGs etc.
- (vii) Margin money assistance to Handloom Organization will be provided on pro-rata basis. Lower side of margin money assistance i.e. @Rs.2.00 lakh for every 100 weavers/workers or @20% of loan amount sanctioned subject to maximum of Rs.20.00 lakh, whichever is less will be considered.
- (viii) Handloom organization is required to approach the participating banks along with required documents etc. for availing loan benefits under the scheme.
- (ix) Participating Banks will sanction loan to the Handloom Organizations and have to lodge claims for disbursement of margin money assistance, interest subvention and credit guarantee fee through Handloom Weaver MUDRA Portal.
- (x) Margin money assistance will be transferred directly to loan account of Handloom Organization while interest subsidy and credit guarantee fee will be transferred to the concerned bank.
- (xi) Fresh loan may be sanctioned after one year of re-payment of previous mudra loan to the handloom beneficiaries who availed loan in the past and have re-paid. Margin money will be available to all the beneficiaries, while interest subsidy and credit guarantee fee will be available to only Handloom Organizations.

E.6 Release of Funds

- (i) A centralized on-line claim disbursement system "Handloom Weaver MUDRA Portal i.e. <https://www.mypnb.in/COCD/login.aspx>" has been developed in association with Punjab National Bank for Banks to submit the claims for financial assistance in respect of margin money, interest subvention and credit guarantee fee.

(ii) An MoU has been signed between Ministry of Textiles and Punjab National Bank for development, operation and maintenance of the system and a service charge @1.4% of the amount of margin money disbursed will be paid to Punjab National Bank.

(iii) Funds as an advance will be placed in the bank account of Sub Agency i.e. National Handloom Development Corporation (NHDC) Ltd. under Central Nodal Agency (CNA) for onward transferring the funds into dedicated account of Punjab National Bank for settling the claims received from participating banks. Subsequent funds will be released by O/o DC (HL) on receipt of Utilization Certificate (UC) of 70% of previous amount.

(iv) Participating banks will submit the claims through Handloom Weaver MUDRA Portal. Margin money assistance will be transferred directly to loan account of all beneficiaries, while interest subvention and credit guarantee fee will be transferred directly to the concerned bank only for handloom organizations through the portal.

E.7 Role of Punjab National Bank

- (i) Punjab National Bank will publicize the scheme amongst the Banks to make sure that all the participating banks lodge claims for margin money assistance, interest subvention & credit guarantee in respect of loans extended by them.
- (ii) Punjab National Bank shall ensure that MIS portal provides information regarding margin money assistance, interest subvention and credit guarantee fee claimed for each of the beneficiary by all participating banks.
- (iii) PNB will submit reports to O/o DC (HL) containing details of all claims received, debit/credit transactions done on the portal as well as in dedicated account for this purpose on monthly basis.
- (iv) PNB shall seek clearance from the office of DC (Handlooms) before disbursing the margin money assistance to eligible Handloom Organizations through the portal.

E.8 Role of State/UTs Government

- (i) To sponsor maximum number of loan applications from handloom pockets across the State in close coordination with Weavers Service Centre concerned.
- (ii) To organize awareness camps in coordination with WSC concerned and Banks in the handloom pockets.
- (iii) To hold the regular meetings with the participating banks to oversee the progress of the scheme and any issues being faced by the banks in lodging claims on the portals, should be flagged to the Office of the DC (HL).
- (iv) State Level Bankers Committee (SLBC) should monitor the progress of banks in sanctioning of loans and filing claims for margin money assistance, interest subsidy and Credit Guarantee Fee.
- (v) The District Collectors who have major concentration of weavers in their district to monitor the progress of banks in sanctioning of loans and filing of claims on the Handloom Weaver Mudra Portal in association with Lead Bank Manager.
- (vi) To send monthly report to the O/o DC (HL) with a copy to WSC concerned for monitoring the progress.

E.9 Publicity and Awareness

- (i) Intensive publicity will be carried out by the State Director of Handlooms through newspapers, awareness camps and by distributing the pamphlets in weavers' pockets highlighting the benefits available under the scheme.

- (ii) Weavers mobilized during individual benefit interventions like HSS, Skill up-gradation training will be made aware about the Concessional credit/Weaver MUDRA scheme by the State Director of Handlooms and WSC concerned.
- (iii) Yarn depots will be utilized as focal point for distribution and collection of loan applications from the weavers.
- (iv) Camps/Chaupals will be organized by WSC for collection of loan applications of the beneficiaries in association with State Directorate of Handlooms and concerned banks.
- (v) WSC officials will be deputed to handloom pockets along with representative of State Directorate of Handlooms. They will visit the weaver/worker's households for collecting the loan applications at their doorsteps.
- (vi) Cooperation from North East Council (NEC) will be solicited for motivating the handloom weavers in NER for availing the loan facility.

E.10 Monitoring:

10.1 Following committees will monitor the implementation and review the scheme:

I. National Implementation Monitoring & Review Committee (NIMRC):

- a. Secretary, Ministry of Textiles, Gol- Chairperson
- b. DC (HL), Ministry of Textiles, Gol – Convener
- c. Representative of Department of Expenditure, Ministry of Finance, Gol
- d. Representative of the Department of Financial Services, Ministry of Finance, Gol
- e. Representative of NITI Aayog
- f. Principal Secretary/State Director of Handlooms
- 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)
- l. Chief Manager, Punjab National Bank, New Delhi or his representative
- m. Zonal Directors of WSCs
- n. Head of Offices of all WSCs

II. State Implementation Monitoring & Review Committee (SIMRC):

- a. State Principal Secretary (Handloom & Textiles)– Chairperson
- b. Managing Director, State Cooperative Bank
- c. Managing Director, Apex Weavers Society
- d. Representative of State Level Banker Committee Convener
- e. Special Invitee (To be decided by SIMRC as per the requirement)
- f. State Director of Handlooms concerned (Nodal Department) – Convener
- g. Zonal Director of WSCs
- h. Head of Office of WSC

10.2 NIMRC meeting will be conducted annually. The Office of the DC (HL) will monitor the progress quarterly.