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GOVERNMENT OF KERALA

Abstract

Planning & Economic Affairs Department - Hill Area Development Agency- Livelihood Management Scheme 'SAHYASREE' - guidelines modified - Orders issued.

Planning & Economic Affairs (E) Department

G.O(Rt) No. 552/14/Plg

Dated, Thiruvananthapuram, 15/12/2014

Read:- 1. GO (Rt) No.53/14/Plg dated 06/02/2014.
2.GO (Rt) No.350/14/Plg dated 2/8/2014.
3. Lr.No. 1174/B/HADA/2014 dated 5/11/14 from the
Secretary, Hill Area Development Agency, Thiruvananthapuram

ORDER

In the circumstances reported by Secretary, Hill Area Development Agency in his letter read as 3rd paper above, Government are pleased to approve the revised guidelines for the Livelihood Management Scheme, 'SAHYASREE' appended to this order in supersession of all previous G.Os.

(By Order of the Governor)

K.S.Srinivas

Secretary to Government

To

The District Collectors (except Alappuzha)
The Secretary, HADA.T.C.No.14/1558 (2).
FLRA-CI (A), Forest Office Lane, Vazhuthacaud, Thycaud P.O.
Thiruvananthapuram - 695 014.
The Accountant General (A&E/Audit), Kerala, Thiruvananthapuram
The Commissioner of Rural Development, Thiruvananthapuram
The Member Secretary, State Planning Board, Pattom, Thiruvananthapuram
The Project Director, District Poverty Alleviation Unit (except Alappuzha)
(Through Secretary, HADA)
The District Treasury Officers (except Alappuzha)
The Convener, State Level Bankers Committee (General Manager,
Canara Bank), Circle Office, Thiruvananthapuram
✓ The Registrar of Co-operative Societies, Thiruvananthapuram
The Controlling Officers of all Scheduled Commercial Banks
(Through Convener, SLBC)
The Chief General Manager, NABARD, Thiruvananthapuram
The Managing Director, Kerala State Co-operative Bank, Thiruvananthapuram
The District Co-operative Bank and Primary Credit Co-operative Societies
(through Registrar of Co-operative Societies, Thiruvananthapuram)
The Local Self Government Department
The Finance Department
The I&PR (web and new media)
The Stock File/Office Copy

Forwarded /By Order

Bijumon
Section Officer

GUIDELINES

SAHYASREE - Livelihood Management Scheme of Hill Area Development Agency

Government of Kerala has constituted Hill Area Development Agency (HADA) under the Travancore Cochin, Literary, Scientific and Charitable Societies Act, 1955 vide G.O.(MS) No.60/11/Plg dt.14/11/2011. The objective of the Agency is to play a central role in catalyzing and facilitating development of the hill regions of the state as defined by the Government through more coherent planning appropriate to the locality through identification of special problems and addressing them and through galvanizing the existing agencies of development, working in the area like Local Governments, Government Departments, Western Ghats Cell, AHADS and other autonomous agencies of the state. The Scheme will be in operation in those Grama Panchayats in Kannur, Wayanad, Malappuram and Idukki districts coming under HADA project area.

There is provision in the byelaw of HADA for undertaking projects for the alleviation of poverty in the hill areas. There is no specific scheme in the state for the livelihood activities of hill areas. The main activities in the hill areas are agriculture and animal rearing. The other livelihood programmes in the state are giving more thrust to industry and allied activities. A new livelihood management scheme is implementing in the hilly areas coming under the jurisdiction of HADA. Livelihood Management Scheme shall be focused exclusively on Diary.

Economic Assistance / Financial norms/ Subsidy

The assistance includes both bank loan and subsidy from the state plan funds provided to HADA. The assistance will be on the basis of the project report or unit cost. The maximum amount of subsidy for the Group is Rs.2.00 lakh or 50% of the project cost / unit cost whichever is less. The subsidy will be limited to the BPL members only as in the case of SGSY scheme. The maximum amount of subsidy of a member of the Group is Rs.15,000/-. The subsidy would be released through banks. The APL members are eligible only for loan. Subsidy will be back - ended. The subsidy shall be adjusted to loan account in full as in the case of SGSY Scheme. Bank would disburse the full project cost including subsidy to the members. For the purpose

of charging interest on the loan, the subsidy amount should be excluded. The banks may fix lowest interest rate as possible as the loan is for agricultural and allied activities and is for the SHGs of difficult hilly areas. The Groups undertaking crop production activities would be eligible for interest subvention under Government of India Scheme. The margin money need not be insisted from the beneficiaries. The lock in period of subsidy shall be categorised depending on the loan repayment period for 5, 7 and 9 years. The lock - in period corresponding to these repayment periods would be 3, 4 and 5 years respectively. If the loan is repaid before the lock in period, the eligibility of subsidy of such cases shall be decided by HADA individually. But if the account becomes NPA before the lock in period, the banks can adjust the subsidy to the loan account.

Selection of Group

Women groups, men groups and mixed group with men and women which are sustainable, homogenous and are capable of undertaking group economic activity can be identified for assistance. The existing groups formed under SGSY scheme or groups formed by any other agencies prior to 2 years from the date of application and have successfully completed grading by banks are eligible for assistance if such groups are not assisted for economic activity earlier. The list of groups are to be proposed by the Accredited Agencies/BDOs and submit to HADA for approval. Only those SHGs approved by HADA shall be taken up for assistance under "SAHYASREE". The eligibility of the Groups including subsidy shall be verified by the concerned BDOs, through Village Extension officers. A Self Help Group may consist of 10 - 20 members. More than one member from one family cannot be the members of SHG availing the loan and an individual cannot become in more than one SHG.

Bank linkage

The selected SHG eligible for financial assistance under the scheme should be linked to the bank of the service area or any other bank. The subsidy would be released through the banks. The size of loan for project depends on the nature of project. The loan should, however be composite loan comprising both fixed and working capital. The loan will be based on the project cost or unit cost and loan intake capacity of the group members. All loans may be treated as medium term loans with minimum

repayment period of five years. There may be a moratorium on repayment of loan during the gestation period.

Asset creation by Group

The Group will be given the full amount (loan and subsidy). The Group shall procure the asset within one month from the date of release by the bank. The Group shall inform the BDO and the bank of the fact of procurement of the asset. The Group should subsequently furnish to the bank a receipt of the items purchased. The assets procured should be of standard quality and at economic prices. Both Poverty Alleviation Unit (PAU) and banks should ensure through proper monitoring and verification that the quality assets have been procured.

If the Group does not inform the bank of the fact of procurement, the bank shall inform the BDO who shall enquire into the reasons. If the non-procurement is due to the negligence of the member / Group, the bank shall in consultation with the BDO, shall afford him reasonable opportunity of doing so after which the bank shall be free to cancel the loan and recover the money. The Group / member will be liable for civil as well as criminal proceedings that are likely to arise in such a case. In this case, all the members will be liable. The provision for insurance of the Assets shall be included in the project.

The loan amount can also be given directly to the vendor (supplier of animals, machineries etc), if the group is willing.

Training

The selected Group has to be given basic orientation training which is mandatory. This can be done at block level as in the case of SGSY. The skill development training is to be given if required. The training institutes for skill development training shall be identified by the Project Directors of PAU and got it approved by Hill Area Development Agency. While selecting training institutions, preference shall be given to government owned institutions and RSETIs of banks if they are willing.

Allocation and funds distribution

The fund of the scheme is the grant-in-aid in state plan from Government of Kerala. Minimum 85% of the outlay shall be used for meeting the subsidy. 10% of the allocation shall be used for conducting Basic orientation / entrepreneurship training and skill Development Training, printing of Registers and forms and monitoring and documentation charges. Other 5% shall be used for marketing, conducting/ participating Trade fairs, travel and other expenses of beneficiaries and accompanying officials participating in the State and National Trade fairs. HADA would provide funds to the Project Directors of PAU as per requirements for meeting subsidy and expense for training. If there is any unspent amount on items other than subsidy, the same shall be used for subsidy. The Project Director, PAU shall release eligible subsidy amount to the concerned banks for disbursement to the beneficiary group.

Implementation

The concerned Village Extension Officer (VEO)/Lady Village Extension Officer (LVEO) of the Panchayat has to obtain the application from selected SHG for economic activity. The eligibility for subsidy shall be verified by the BDOs with the assistance of block Extension Officers. After the verification of application and ascertaining the eligibility of the SHG and subsidy with the help of Joint BDOs / Extension Officers (WW), the BDO shall send the application to the concerned Bank. The bank shall process the application and sanction loan amount and claim the subsidy from the Project Director, PAU of the district. Project Director shall claim subsidy from HADA. For claiming subsidy, one copy of the sanctioned application shall also be submitted to the Project Director, PAU, who in turn will submit the same to HADA. After getting the subsidy amount, the loan and subsidy amount to be disbursed to the SHG under intimation to the BDO and Project Director, PAU. The members shall repay all the loan in instalments to the banks through the group. The VEO/LVEOs, Extension Officers (WW), Joint BDOs and BDOs shall render necessary assistance to the banks for the recovery of the loan amount.

NGOs accredited by HADA can also perform facilitating role in the implementation of SAHYASREE. Such NGOs can propose SHGs, satisfying conditions laid out in this Order and submit applications to the Banks, after getting the list examined by Project Director, PAUs and approved by HADA. In the case the SHGs

proposed by the NGOs accredited by HADA, the implementation procedure will be the following.

- A. SHGs will be selected by the accredited NGOs. SHGs should be the one formed at least two years before the date of application and should have successfully completed the grading process of the banks.
- B. List of proposed SHGs should be submitted to Project Director; Project director, who will verify the list and ensure that the SHGs selected are in accordance with the guidelines issued by Government and recommend to HADA for approval. On approval of the SHGs by HADA, the accredited NGOs can submit individual applications to the banks for financing.
- C. Individual Scheme projects and loan applications shall be collected and submitted to banks directly by the agencies accredited. Applications and project reports prepared and submitted to banks should be in conformity with the terms & conditions of HADA and the financing institutions.
- D. The accredited agencies shall do necessary follow up with the financial institutions and see that pre-sanction inspection by the financial institutions are in time and the Project report and loan applications are sanctioned without delay. It shall also be ensured that project amount sanctioned by financial institutions is inclusive of subsidy amount also. After sanctioning of the project amount by the financial institutions, subsidy claim shall be submitted by the banks to the Project Directors along with a copy of the sanctioned loan application.
- E. Project Directors shall verify subsidy claims and ensure that loan component is actually sanctioned by financial institutions and the subsidy claimed is as per the norms of the scheme. Project Directors shall recommend the subsidy claims and submit to HADA for release of subsidy component.
- F. Eligible Subsidy shall be released to account of the Project Directors by HADA. Project Directors shall transfer subsidy component to the concerned financial institutions. Financial institutions shall transfer loan amount and the corresponding subsidy to the account of the beneficiary.
- G. The accredited NGO will be squarely responsible for the proper utilisation of project amount by the beneficiaries and ensure that assets as envisaged in the project report is actually grounded within the period of one month.

H- ~~It shall be the~~ responsibility of the accredited NGOs to provide necessary logistics - forward and backward linkages to the SHGs for the successful management of the assets and marketing products.

- I. The accredited NGOs shall ensure that the loan amount is repaid promptly by the beneficiaries and the account do not become NPA. The accredited NGO is duty bound to provide recovery support to the Banks.

Monitoring

Project Directors shall convene monthly review meeting of Block Development Officers and accredited NGOs to take stock of the progress of the scheme and flag operational issues, which will be resolved by the Project Directors. Block Development Officers and accredited NGOs should submit monthly progress report to the Project Directors (proforma annexed). Project Directors shall undertake field inspections to verify the status of assets created. Service of Assistant Project Officers (P&M) and Assistant Project Officers (WD) shall be utilized for the purpose. One of the Assistant Project Officers (APOs) shall be designated as the charge officer by the project officers.

The progress of the scheme has to be placed for review before the Block Level Bankers' Committee (BLBC) and District Level Review Committee (DLRC). . Quarterly progress report shall be furnished to the Lead Bank Managers (LBMs), along with bank wise statement for review in the BLBC. Assistant Project Officers shall be deputed for BLBC meetings and present Bank wise progress of the scheme. Project Directors should personally attend DLRC and present the progress of the scheme and banking issues.

There shall be the following Committees at Block and District level to oversee the implementation of the programme, sort out banking issues and ensure repayment of loan and proper management of assets.

(a) Block level Monitoring committee

1. Block Panchayat President : Chairperson
2. Lead District Manager (LDM)
3. Assistant Director of Agriculture
4. Diary Extension Officer
5. Industries Extension Officer
6. Senior Veterinary Surgeon of the Block Panchayat
7. VEOs and accredited NGOs.

8. Block Development Officer : Convener

(b) District level Monitoring Committee

1. District Panchayat President : Chairperson
2. LDM
3. Assistant General Manager, NABARD
4. Joint Registrar of Co-operative Societies (General)
5. Joint Director of Agriculture
6. District Diary Development Officer
7. District Animal Husbandry Officer
8. General Manager, District Industries Centre
9. Assistant Development Commissioner (General)
10. BDOs and accredited NGOs
11. Project Director, PAU : Convener

The meeting shall be convened at least once in three months. The Block Development Officer and Project Directors shall forward the minutes of the meeting to the Hill Area Development Agency in due course. Project Directors shall prepare and submit monthly status report on the progress of scheme and operational issues to HADA.