

Seed Capital Loan Scheme For Self Help Groups 2011



DEPARTMENT OF INDUSTRIES NOTIFICATION

The Government of Goa is pleased to frame the scheme namely:-

1. **Short Title and Commencement:-**

- 1) The Scheme shall be called the SEED CAPITAL LOAN SCHEME FOR SELF HELP GROUPS 2011.
- 2) It shall come into force from the date of its publication in the official Gazette. It shall remain in force for 5 years.
- 3) **The scheme shall be implemented through the GOA HANDICRAFTS, RURAL & SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED (GHRSSIDCL).**

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2. **Introduction :-**

Definition:-

Self- help group (SHG). Self-help group is a body formed by a group of persons with a common objective of gathering information on extension, financial assistance, production and marketing and offering cooperation, services or care for pooling resources to improve socio-economic status, to raise income levels and quality of life by engaging in economic and enterprising activities with inputs from various schemes of State and Central Governments wherever and whenever available.

The Self Help Groups (SHG) in rural and urban areas are to be encouraged to take up income generating enterprises under industries, and services which are Non-farm sector activities by contributing their resources and to get one time non-recurring grant of 50% of the project cost from Government to the extent of Rs.50,000/- as seed capital and deposit the same in the name of Self Help Group in the Bank account. The balance part of the seed capital, the loan part to the extent of 45% shall be made available through the Village Co-operative Bank Branches, Economic Development Corporation (EDC), branches of the nationalized banks or other micro finance companies. The SHG shall contribute 5% of the project cost. The said SHGs should register with GHRSSIDCL, Panaji.

3. **Objectives:-**

The main objective of this scheme is to help the sustenance of the SHGs under Non farm Sector to improve their financial strength and to keep them occupied with certain useful economic activities for livelihood of their members and to create collective enterprising so as to stop the rural migration to cities.

4. **Eligibility :-**

- (i) The Self Help Groups which are registered with the Registrar of Co-operative Societies under Cooperative Societies Act or with the State Registrar as a Society under the Societies Registration Act 1860 and engaged in the non-farm sector activities.
- (ii) The Self Help Groups which have got business activity/trading organized under the Non-Farm sector.
- (iii) The SHGs covered under (i) & (ii) above and carrying out activities falling under the following are eligible:-

A. **Industries Sector:-**

- (a) Agro processing of ground nuts, areca nuts and Coconuts for deshelling and dehusking for production of copra and nuts used as raw material for oil industry and pan masala industry.
- (b) Traditional method of roasting cashew nuts and deshelling without machines.
- (c) Extraction of coconut oil from raw coconut milk by boiling method and packing and selling as a high value addition product aimed at local and tourist markets.
- (d) Production of sweets, chicky and Biscuits as an indoor industry in the homes and marketing in nearby towns aimed at local and tourist markets.
- (e) Production of papads and pickles using Vegetables and fruits, and marketing through Sahakar Bhandar, local markets and tourist visiting locations.
- (f) Preparation of value addition products and other food products from cashew nuts, such as salted cashews, cashew chicky, cakes etc. In case of food items, the Self Help Groups must compulsorily have licence from Directorate of Food and Drugs Administration and other statutory authorities.
- (g) Home made embroidery production and marketing.

- (h) Production of home made perfumes.
- (i) Production and marketing of Handicrafts /Handloom and allied items through Goa Handicrafts Rural and Small Scale Industries Development Corporation Limited and in local and tourist visiting markets.
- (j) Any other industry/activity undertaken by Self Help Groups, to be approved by GHRSSIDCL.

B. **Service Sector:-**

- (a) Running of Laundry for institutions, Hotels etc.
- (b) Catering Services.
- (c) Labour contract for big industries where working capital is required.
- (d) Any other service activities undertaken by Self Help Groups and to be approved by GHRSSIDCL.

5. **Benefits:-**

- (i) The Self Help Groups will also be eligible for benefits from other agencies like Rural Development Agency (RDA), GHRSSIDCL, Other State/Central Governments Departments and Ministry of Mirco, Small & Medium Enterprises (MSME), New Delhi to prove their worth and achieve excellence in their activities.
- (ii) In case of SHGs who produce handicraft products, the GHRSSIDCL shall provide adequate marketing facility through the Government & private agencies and through emporia. GHRSSIDCL shall ensure participation of the members in the Schemes of Development Commissioner Handicrafts, New Delhi and in the national and international exhibitions. The GHRSSIDCL shall also impart Skill Development training for updation and dissemination of new technologies for innovation.
- (iii) Maximum amount of Seed Capital subvention available for one Self Help Group of 10 members is Rs.50,000/-. If the number of members are less, the entitlement for each member is Rs.5000/-.

6. **Procedure for filing Claim:-**

The President of Self Help Group and Secretary may give a joint application in the typed format as per Annexure "A" addressed to Managing Director, GHRSSIDCL on the letter head of the SHG. The application should be accompanied by a copy of Registration Certificate, Entrepreneurship Memorandum Part I (EM Part I) and the list of members, details of the activities undertaken and details of the project cost for which seed capital is sought. The contribution of Self Help Groups to the extent of 5% should be deposited with the bank. The bank or EDC shall finance 45% of the project cost to a maximum of Rs.45,000/- after approval of the project. The bank or EDC will inform the office of Director of Industries, Trade & Commerce its decision to finance the 45% of the cost and then place its claim for 50% of the Seed Capital which will be credited to the saving bank account or current account of Self Help Group. The Self Help Group will give an undertaking to recover the loan from its customers, such as Sahakar Bhandar, GHRSSIDCL and Hotels etc.

7. **Sanctioning Authority:-**

APPRAISAL COMMITTEE There shall be an Appraisal Committee consisting of the Chairman of GHRSSIDCL, and comprising of Managing Director, GHRSSIDCL, one Director to be nominated by the Board of GHRSSIDCL, one representative from Directorate of Industries, Trade and Commerce, Government of Goa, one Representative from the Banking Industry or Economic Development Corporation (EDC) to be nominated by the Directorate of Industries, Trade and Commerce and one representative each from Goa State Industries Association (GSIA) and Goa Chamber of Commerce & Industry (GCCI). The Committee shall scrutinize the applications for approval and decide upon the sanction of the appropriate amount to the beneficiaries. The sanctioned amount will be disbursed directly to the Bank or EDC. The Task Force Committee will allow either whole amount as working capital or a part of the amount as fixed capital and working capital. The Self Help Group will furnish an agreement and undertaking in the prescribed format before disbursement of the Seed Capital.

8. **The Repayment of Loan :-**

To ensure repayment of loan a tie up arrangement shall be made with the customers of Self Help Groups like Corporations, Societies and in all other cases they may repay the loan to the GHRSSIDCL or the financial institutions as per the mode specified by GHRSSIDCL.

9. **Expenditure Budget Head:-**

The entire amount of 50% Seed Capital to implement the scheme will be provided by the Directorate of Industries, Trade & Commerce, Panaji to the Financial Institution as Grant in aid. The GHRSSIDCL will be eligible to receive Rs.3000/- for every case processed under this scheme, in order to cover various costs and incidental costs incurred towards travel, inspection of units, processing of subsidy cases, printing, record keeping, administrative charges, and other incidental charges etc. Six

monthly progress report will have to be submitted by the GHRSSIDCL to the Directorate of Industries, Trade & Commerce, Panaji in order to evaluate the progress of the scheme. Expenditure under the scheme will be borne under the Budget Head indicated below:-

2851 – Village and Small Industries

800 - Other expenditure

40 - Seed Capital Subvention to Self Help Groups

31 - Grant in Aid

This issues with the concurrence of Finance (Exp.) Department, vide their U.O. 143214 dated 27-01-2011.

By order and in the name of
the Governor of Goa

(Vasanti H. Parvatkar)
Under Secretary (Industries)

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