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The Chairman / Managing Director
All Scheduled Commercial Banks
(Excluding RRBs)

Master Circular
Priority Sector Lending- Special Programmes
Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

(B.P. Vijayandra)
Chief General Manager

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Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

Government of India have launched a rationalised poverty alleviation scheme **Swarna Jayanti Shahari Rozgar Yojana** replacing three existing schemes, viz.

- (i) Nehru Rozgar Yojana (NRY),
- (ii) Urban Basic Services for the Poor (UBSP), and
- (iii) Prime Minister's Integrated Urban Poverty Eradication Programme (PMI UPEP).

Detailed guidelines of the new scheme have been circulated to all banks, vide RBI circular RPCD.SP.BC.52/09.16.01/97-98 dated November 17, 1997.

1. The Scheme

- 1.1** The scheme contains all essential features of the three schemes and is operative from December 1, 1997 in all urban towns in India.
- 1.2** SJSRY seeks to provide gainful employment to the urban poor (living below the urban poverty line) unemployed or under-employed, through setting up of self-employment ventures or provision of wage employment. Inputs under the scheme would be delivered both through the medium of community structures to be set up on UBSP pattern and Urban Local Bodies (ULBs). The scheme is to be funded on a 75:25 basis between the Centre and the States.

1.3 Swarna Jayanti Shahari Rozgar Yojana consists of two special schemes, namely

- The Urban Self-Employment Programme (USEP)
- The Urban Wage Employment Programme (UWEP)

1.4 Among other components of the scheme, the following are the two components of Urban Self-Employment Programme (USEP) where credit from banks is involved:

(a) Urban Self Employment Programme (USEP) - Assistance to individual urban poor beneficiaries for setting up gainful self-employment ventures.

- (i) **Identification:** A house-to-house survey for identification of genuine beneficiaries should be done. Non-economic parameters also should be applied to identify the urban poor in addition to the economic criteria of the urban poverty line. Community structures like Community Development Societies (CDS) should be involved in this task under the guidance of the Town Urban Poverty Eradication Cell (TUPEC)/Urban Local Bodies (ULBs).
- (ii) **Eligibility:** Under-employed and unemployed urban youth whose annual family income is below the poverty line and who have got education upto ninth standard shall be assisted with bank's loan and Government subsidy.
- (iii) **Minimum/Maximum age limit:** No age limit is prescribed.
- (iv) **Definition of family:** Identification of the family will have to be done on the basis of independent kitchen.
- (v) **Coverage:** SJSRY would be implemented in all areas falling under the jurisdiction of Urban Local bodies of any category, irrespective of population size.

The Scheme is applicable to all urban towns in India and is implemented on a whole town basis with special emphasis on urban poor clusters including metropolitan cities. However, Urban Wage Employment Programme (UWUP) a component of SJSRY applies to all urban local bodies, the population of which was less than 5 lakh as per the 1991 census.
- (vi) **Project cost:** Project cost upto Rs 50000/- is provided under the scheme in case of individual. If two or more eligible persons join together in a partnership, the project with

higher costs would also be covered provided the share of each person in the project cost is Rs 50000/- or less.

- (vii) **Subsidy:** Subsidy would be provided at the rate of 15 percent of the project cost, subject to a ceiling of Rs. 7500/- per beneficiary (for individual USEP). In case more than one beneficiary join together and set a project under partnership, subsidy would be calculated for each partner separately at the rate of 15 percent of his share in the project cost limited to Rs7500/- per partner.
- (viii) **Margin money:** The borrower has to bring in 5 per cent of the project cost as margin money. Partnerships would be permitted wherein the overall project cost will be a simple sum of individual project cost allowable per borrower. Such project would be eligible for subsidy equal to the total permitted subsidy per person and each member would have to bring in 5 percent of his share of project cost as margin money.
- (ix) **Repayment:** Repayment schedule ranges from 3 to 7 years, after initial moratorium of 6 to 18 months, as decided by the bank.
- (x) **Physical targets:** Physical targets under the USEP of SJSRY will be decided by the State Governments in conformity with the guidelines of the scheme as also the result of beneficiary survey to ensure adequate flexibility of operation of the scheme.

(b) Development of Women and Children in Urban Areas (DWCUA)

- (i) **Activities:** The programme envisages special incentive to urban poor women who decide to set up self-employment ventures in a group. Such groups may take up any economic activity suited to their skill, training, aptitude and local conditions.
- (ii) **Size of the Group:** DWCUA group shall consist of at least 10 urban poor women and will be entitled to a subsidy of Rs. 1,25,000/- or 50 percent of the cost of project, whichever is less. Every effort should be made to encourage the group to set itself up as a thrift and credit society.
- (iii) **Loan component if the project cost is up to Rs 250000/-:** The loan component would be, project cost less 50 percent subsidy and less margin money (5 percent of the project cost).
- (iv) **Loan component if the project cost exceeds Rs 250000/-:** No maximum ceiling is prescribed for the project cost. In cases where the project cost exceeds Rs.250000/-for the DWCUA Group, the project cost less subsidy (Rs. 125000/-) and margin money (at the rate of 5 percent of the project cost), would be the component of bank loan.
- (v) **Margin money:** 5 percent of the project cost will be contributed as margin money by the group as a whole.
- (vi) **Repayment of loan:** Same as under USEP for individual self-employment.
- (vii) **Income criteria:** Each member of the Group should fulfil the urban poverty norms as per official methodology as decided by the Planning Commission. The beneficiaries under

SJSRY will be identified on the basis of monthly per capita income and not by annual family income.

2. Instructions and Guidelines

2.1 Sub-targets: The percentage of women beneficiaries under the SJSRY Scheme shall not be less than 30 percent. SCs/STs must be benefited to the extent of the proportion of their strength in the local population. A special provision of 3 percent shall be made for the disabled under the scheme.

2.2 Priority Sector Status: The loans granted under the scheme should be treated as advances under priority sector and accordingly the loan applications should be disposed of expeditiously within the time schedule prescribed in this regard i.e. applications for loans upto Rs. 25,000/- within a fortnight and those for credit limits above Rs. 25,000/-, within 8 to 9 weeks.

2.3 No Dues Certificate: The loan applications may contain a clause for eliciting particulars about any loan taken by the applicant from any banking / financial institution of the State / Central Government and repayment particulars and balance outstanding in case such a facility is availed of. All particulars furnished by the applicant in the application may be certified by him. Based on the information furnished by the applicant, the banks may consider dispensing with production of 'No Due Certificate' as a compulsory requirement, if they are satisfied about the status of the borrower, so that the delay in sanction and disbursement of loans could be avoided. In case the bank concerned decides to verify the status of the loan account of the borrower with other banks in the area, it should send specific communication enclosing the list of applicants in duplicate and requesting the other banks to send back the duplicate copy duly certified. The banks receiving the reference for verification should furnish the same or provide details of its dues within a maximum period of 10 days. If no response is received within 15 days of request of verification from any bank, it may be presumed that the referred bank has no dues. Further, as inter-bank exchange of information is on the basis of mutuality and reciprocity, service charges should not be an issue for furnishing 'No due Certificate'.

2.4 Rejection of applications - Branch Managers may reject applications (except in respect of SC/ST) and such cases of rejections are to be verified subsequently by the Divisional / Regional Managers. In case of proposals from SCs/STs, rejection should be at a level higher than that of a branch manager. Further, rejection of applications should not be on flimsy grounds. The reasons of rejection may also be communicated to the sponsoring agency while returning the applications.

2.5 Security: An entrepreneur eligible for assistance under the self-employment scheme can take a composite loan upto Rs. 50000/- and group loans upto Rs.3 lakh which would not require a collateral/guarantee. Besides margin, as also the subsidy by the Government, the borrower would hypothecate/mortgage/pledge to the bank the assets created out of bank loan.

2.6 Training: The entrepreneurs selected under the scheme would be provided training and other entrepreneurial development assistance by Government. Training is a compulsory input before disbursement of the loan under the scheme. This requirement may be waived if a borrower has already received the training from a registered NGO/VO or has learnt the activity such as cobblery, carpentry etc., or learnt the trade as an apprentice from Private/Public registered Body

and requisite certificate to that effect is produced from the ULB or the private/public registered company as the case may be. However, training may not be insisted upon as a pre-condition for sanctioning of loan in respect of activities not requiring special skill.

2.7 Rate of Interest: Loans under the scheme will carry interest as per the directives on interest rates issued by Reserve Bank of India from time to time.

2.8 Defaulter: A defaulter to a bank/financial institution will not be eligible for assistance under the scheme.

2.9 Opening of Savings Bank Accounts by SHGs: Self-Help Groups (SHGs) are eligible to open Savings Bank Accounts as per the instructions contained in Circular DBOD.No.DIR.BC.11/13.01.08/98 dated February 10, 1998.

3. Administration of subsidy

3.1 Guidelines regarding administration of subsidy under the components of USEP and DWCUA of SJSRY are given in *Annexure (I)*.

3.2 It should be noted that the subsidy under USEP/DWCUA component of SJSRY is to be treated as back-ended subsidy with lock-in-period of two years. The subsidy amount may be utilized / adjusted towards repayment of the loan at the time of maturity. The subsidy admissible to the borrower should be kept in the Subsidy Reserve Fund Account borrower-wise, instead of in term-deposit in the name of borrower. Further it has been decided that no interest will be paid on the subsidy amount held by the banks and for the purpose of charging interest on loan amount the subsidy amount would be excluded therefrom.

3.3 While arriving at the project cost (including subsidy amount disbursed to the beneficiary), banks should make clear distinction between loan and subsidy component and the interest may be charged on the loan component. In the cases, where subsidy is not given (where beneficiaries are ineligible for assistance under the scheme), banks would be liable to return the subsidy amount to the Government of India.

3.4 As regards the treatment to be given to the subsidy portion, held back-ended, when the loan under SJSRY becomes bad / doubtful / long over due for repayment, it is clarified that the amount of subsidy may be adjusted against the defaulted loan only at the end of the transaction at the time of closure of the loan provided that

- (i) The loan becomes bad and doubtful of recovery in the circumstances beyond the control of banks
- (ii) The appraisal procedure for sanction and disbursement of loan, post-disbursement supervision etc. are carried out in accordance with the instructions issued by Head /Controlling Offices, and
- (iii) The loans are not misutilised. In case of misutilisation of loan, the subsidy is required to be refunded/ not to be claimed by banks.

3.5 The balance lying to the credit of Subsidy Reserve Fund Account will not form part of DTL for the purpose of CRR/SLR.

4. Monitoring and Review

4.1 Monthly progress reports under the scheme may be furnished to RBI within 30 days from the close of the month to which it relates, as per proforma given in *Annexure (II)*. The same format may also be used by bank branches/controlling/zonal offices for monitoring the implementation of the scheme.

4.2 The scheme will be monitored by the District Level Consultative Committee and the State Level Bankers' Committee at their periodical meetings.

**MASTER CIRCULAR
PRIORITY SECTOR LENDING
SPECIAL PROGRAMMES**

**Guidelines regarding Administration of Subsidy under the
Components of Urban Self-Employment through setting up of
Micro Enterprises and Development of Women and Children in
Urban Areas (DWCUA) of Swarna Jayanti Shahari Rozgar Yojana (SJSRY)**

(Vide paragraph 3.1)

1. The subsidy amount received from the Central Government by each state level nodal agency/SUDA to be supplemented with the matching subsidy components from the State Government will be broadly distributed to the district level agencies/District Urban Development Agency (DUDA), in proportion to their population.
2. District Level Agency/DUDA will thereafter distribute the total subsidy amount amongst various Urban Local Bodies in the district in proportion to the population catered to by each Urban Local Body.
3. After Urban Local Body-wise allocation of subsidy for both the components is decided, the Urban Local Bodies shall open savings bank accounts captioned as under to which the allocated subsidy shall be credited:
 - (i) "(Mention the name of the Urban Local Body) Account - SJSRY - Subsidy for Urban Self Employment through setting up Micro Enterprises and Skill Development under Urban Self employment Programme (USEP)."
 - (ii) "(Mention the name of the Urban Local Body) Account - SJSRY - Subsidy for Development of Women and Children in Urban Areas (DWCUA), under Urban Self Employment Programme (USEP)".
4. Instructions regarding debits to be raised against the above mentioned accounts may be signed jointly by the Chairman of the Urban Local Body and its Chief Executive Officer. In case of a superseded Urban Local Body, the account may be operated by the Administrator/OSD/CEO of the Urban Local Body and one other officer.
5. The subsidy amount credited to the above mentioned accounts shall be released by the concerned banks along with the loan amounts. As such, no chequebook would be required to be issued to the Urban Local Bodies. The district Level Nodal Agency/DUDA may issue suitable

instructions to the Managers of the various banks in the district, holding the above-mentioned accounts that no chequebooks are to be issued with reference to such accounts.

6. The banks in which the above-mentioned accounts are opened can be nationalised banks or scheduled banks.

7. Instructions relating to opening/operating of bank accounts are irrevocable and may not be altered/modified/changed/cancelled/withdrawn without written consent of Ministry of Urban Employment and Poverty Alleviation.

Name of the Bank :

[illegible]

*Col. 22= Col. 3-4-23	The progress report should be cumulative indicating the performance under the scheme from April to March of the respective year.							
**Col. 23= Col.3-4-22								10
Name of the Bank :								
					(Amount Rs.Lakhs)			
Name of the State/	Loans disbursed		Loans sanctioned		Loans disbursed		Number	Numbe r
Union Territories	to women out of		to disabled out of		to disabled out of		of applns.	of applns.
	total disbursement		total sanction		total disbursement		pending	rejecte d
	No.	Amt.	No.	Amt.	No.	Amt.	sanction	
1	16	17	18	19	20	21	*22	**23
NORTHERN REGION								
Haryana								
Himachal Pradesh								
Jammu & Kashmir								
Punjab								
Rajasthan								
Chandigarh								
Delhi								
NORTH EASTERN REGION								
Assam								
Manipur								
Meghalaya								
Nagaland								
Tripura								
Arunachal Pradesh								
Mizoram								
EASTERN REGION								
Bihar								
Jharkhand								
Orissa								
West Bengal								
Andaman & Nicobar								
Sikkim								
CENTRAL REGION								
Chhatisgarh								
Madhya Pradesh								
Uttaranchal								
Uttar Pradesh								
WESTERN REGION								
Gujarat								
Maharashtra								
Daman & Diu								
Goa								
Dadra & N.Haveli								
SOUTHERN REGION								
Andhra Pradesh								
Karnataka								
Kerala								
Tamil Nadu								
Lakshadweep								
Puduchery								

ALL INDIA								
*Col. 22= Col. 3-4-23								
**Col. 23= Col.3-4-22								

[illegible]

[illegible]

Annexure-II

RECOVERY POSITION (CUMULATIVE) UNDER SJSRY FOR THE HALF/YEAR ENDED SEPT/MARCH								
	DEMAND	RECOVERY	OVERDUES	% 2 TO 1	DEMAND	RECOVERY	OVERDUES	% 2 TO 1
	1	2	3	4	1	2	3	4
NORTHERN REGION								
Haryana								
Himachal Pradesh								
Jammu & Kashmir								
Punjab								
Rajasthan								
Chandigarh								
Delhi								
NORTH EASTERN REGION								
Assam								
Manipur								
Meghalaya								
Nagaland								
Tripura								
Arunachal Pradesh								
Mizoram								
EASTERN REGION								
Bihar								
Jharkhand								
Orissa								
West Bengal								
Andaman & Nicobar								
Sikkim								
CENTRAL REGION								
Chhatisgarh								
Madhya Pradesh								
Uttaranchal								
Uttar Pradesh								
WESTERN REGION								
Gujarat								
Maharashtra								
Daman & Diu								
Goa								
Dadra & N.Haveli								
SOUTHERN REGION								
Andhra Pradesh								
Karnataka								
Kerala								
Tamil Nadu								
Lakshadweep								
Puduchery								
ALL INDIA TOTAL								

ANNEXURE III

List of circulars that have been consolidated by Master Circular

No.	Circular No.	Date	Subject
1	RPCD.SP.BC.52/09.16.01/97-98	17-11-1997	Swarna Jayanti Shahari Rozgar Yojana (SJSRY)
2	RPCD.SP.BC.54/09.16.01/97-98	25-11-1997	Swarna Jayanti Shahari Rozgar Yojana (SJSRY)
3	RPCD.SP.BC.96/09.16.01/97-98	02-03-1998	Swarna Jayanti Shahari Rozgar Yojana (SJSRY)
4	RPCD.SP.BC.115/09.16.01/97-98	05-05-1998	Swarna Jayanti Shahari Rozgar Yojana (SJSRY)
5	RPCD.SP.BC.5/09.16.01/98-99	08-07-1998	Swarna Jayanti Shahari Rozgar Yojana (SJSRY) - Fixation of Physical Targets
6	RPCD.SP.BC.6/09.16.01/98-99	18-07-1988	Swarna Jayanti Shahari Rozgar Yojana (SJSRY) - Clarifications
7	RPCD.SP.BC.100/09.16.01/98-99	29-05-1999	Implementation of SJSRY
8	RPCD.SP.BC.69/09.16.01/99-2000	14-03-2000	Swarna Jayanti Shahari Rozgar Yojana (SJSRY) - Implementation
9	RPCD.SP.BC.33/09.16.01/2000-01	04-11-2000	Government Sponsored Programmes - Insistence of Collateral Security by Banks
10	RPCD.SP.BC.37/09.16.01/2000-01	24-11-2000	Swarna Jayanti Shahari Rozgar Yojana (SJSRY) - Implementation
11	RPCD.SP.BC.54/09.16.01/2000-01	12-02-2001	Reporting system on progress under Swarna Jayanti Shahari Rozgar Yojana (SJSRY)
12	RPCD.SP.BC.58/09.16.01/2000-01	26-02-2001	Swarna Jayanti Shahari Rozgar Yojana (SJSRY) - Prior training for taking up self-employment activities under SJSY
13	RPCD.SP.BC.27/09.16.01/2001-02	21-09-2001	Reporting System on progress under SJSRY
14	RPCD.SP.BC.38/09.04.01/2001-02	12-11-2001	Performance of Private Sector Banks - Government Sponsored Schemes.
15	RPCD.SP.BC.66/09.16.01/2002-03	07-03-2002	Accounting of subsidy amount under SJSRY
16	RPCD.PLNFS.BC.73/09.04.01/2001-02	2-4-2002	Obtention of 'No Due Certificate' - Lending under Government Sponsored Schemes.
17	RPCD.SP.BC.116/09.16.01/2002-03	15-07-2002	Exchange of information - Loan and subsidy under Urban Self Employment Programme (USEP) - Swarna Jayanti Shahari Rozgar Yojana (SJSRY)
18	RPCD.No.SP.BC.50/09.16.01/2002-03	4-12-2002	Implementation of SJSRY
19	RPCD.No.SP.BC.05/09.16.01/2003-04	7-7-2003	Exchange of information - Loan and subsidy under Urban Self Employment Programme (USEP) - Component of Swarna Jayanti Shahari Rozgar Yojana (SJSRY)
20	RPCD.No.SP.BC.72/09.01.01/2003-04	25-03-2004	Change in periodicity of returns
21	RPCD.No.SP.BC.80/09.16.01/2003-04	08-05-2004	Bad and Doubtful loans under SJSRY- Adjustment of subsidy amount
22	RPCD.No.SP.BC.06/09.16.01/2004-05	17-07-2004	SJSRY-Administration and adjustment of back-ended subsidy-Payment of interest on subsidy portion