

RBI 2004-05/164  
RPCD.NO.SP.BC. 31 /09.16.01/2004-05

September 6, 2004

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

Dear Sir,

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

Reserve Bank of India has, periodically, issued instructions/directives to banks with regard to operationalisation of the Swarna Jayanti Shahari Rozgar Yojana (SJSRY). To enable banks to have current instructions at one place, a Master Circular incorporating all the existing guidelines/instructions/directives on the scheme has been prepared and is appended. We advise that this Master Circular consolidates all the previous instructions issued by RBI from time to time till date, which are listed in Annexure III.

Please acknowledge receipt.

Yours faithfully,

(G.Srinivasan)  
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 **1st December 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)

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

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

- (i). 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. Projects costing upto Rs. 50,000/- are to be financed by the bank. The Government will provide subsidy at 15 percent of the project cost, subject to a maximum of Rs. 7500/- per beneficiary (for individual USEP), to be tied with bank loan.
- (ii). 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.
- (iii). 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.

**1.5 Development of Women and Children in Urban Areas (DWCUA)**

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. 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.

## 2. **Salient features**

- 2.1** 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). Subsidy amount under USEP/DWCUA component of SJSRY should be treated as back ended. The percentage of women beneficiaries under the SJSRY Scheme shall not be less than 30 percent. SCs/STs must be benefitted 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** 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** 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** An entrepreneur eligible for assistance under the self-employment scheme can take a composite **loan upto Rs. 50,000/-** from a bank and this loan and group loans **upto Rs.3.00 lakhs** 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** 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** 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** A defaulter to a bank/financial institution will not be eligible for assistance under the scheme.
- 2.9** Self-Help Groups (SHGs) are eligible to open Saving Bank Accounts as per the instructions contained in Circular DBOD.No.DIR.BC.11/13.01.08/98 dated 10th February, 1998.

## 3. **Monitoring and Review**

- 3.1** 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.

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

#### **4. Clarifications**

Clarifications on points / queries raised by some of the banks are furnished below.

##### **4.1 SJSRY (General)**

- (i) Minimum/Maximum age limit: No age limit prescribed.
- (ii) Admissibility of subsidy: The subsidy will be 15 percent of the project cost, subject to a ceiling of Rs.7,500/- per beneficiary (for individual USEP) to be tied with bank loan.
- (iii) Definition of family: Identification of the family will have to be done on the basis of independent kitchen.
- (iv) Coverage:
  - (a) SJSRY would be implemented in all areas falling under the jurisdiction of Urban Local bodies of any category, irrespective of population size.
  - (b) Borrowers, who have been sanctioned loan/subsidy under erstwhile Scheme for Urban Micro Enterprises (SUME) but have not drawn the full amount, will be allowed to take advantage of the enhanced loan/ subsidy amount under SJSRY.

##### **4.2 DWCUA Sub-Scheme**

- (i). Loan component per beneficiary/group: 50 percent of the total project cost for the group as a whole.
- (ii). Mode of financing of 50 percent of the project cost for DWCUA Group: By bank loan, subject to provision of 5 percent as margin money for the Group as a whole.
- (iii). Project cost per beneficiary/group: No maximum ceiling prescribed. In cases where the DWCUA Group project cost exceeds Rs. 2,50,000/-, the project cost less subsidy (Rs. 1,25,000/-) and margin money @ 5 percent of the project cost, would be bank loan component even if it exceeds 50 percent of the project cost.
- (iv). Margin money per beneficiary/group: 5 percent of the project cost will be contributed as margin money by the group as a whole.
- (v). Repayment of loan: Same as under USEP for individual self-employment.
- (vi). 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.

#### **5. Administration of subsidy**

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

**5.2** 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, the subsidy amount kept by banks in the "Subsidy Reserve Fund Account" should also earn interest as Savings Account, which may be adjusted against the last few instalments of the loans.

**5.3** 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.

**5.4** 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 and in respect of which banks file claim with DICGC, 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.

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

**ANNEXURE I**  
**Master Circular**

**PRIORITY**  
**SPECIAL PROGRAMMES**

**SECTOR**

**LENDINGS**

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**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 5.1)***

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 Development and Poverty Alleviation.

## SWARNA JAYANTI SHAHARI ROZGAR YOJANA(SJSRY)

Name of the Bank :

Report showing the cumulative position for the quarter ended under the USEP component of SJSRY

Name of the State/ Union Territories	Target	No.of applns recd.	Total Loans sanctioned		Total Loans disbursed		Total subsidy disbursed	Loans sanctioned to SC/ST out of total sanction		
1	2	3	No.	Amt.	No.	Amt.	No.	Amount	No.	Amt.
			4	5	6	7	8	9	10	11

**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  
Pondichery

**ALL INDIA**

\*Col. 22= Col. 3-4-23

\*\*Col. 23= Col.3-4-22

The progress report should be cumulative indicating the performance under the scheme from April to March of the respective year.



# SWARNA JAYANTI SHAHARI ROZGAR YOJANA(SJSRY)

Name of the Bank :

Report showing the cumulative position for the quarter ended under the USEP component of SJSRY

Name of the State/	Loans disbursed		Loans sanctioned		Loans disbursed		Loans sanctioned		Loans disbursed	
Union Territories	to SC/ST out of total disbursement		to women out of total sanction		to women out of total disbursement		to disabled out of total sanction		to disabled out of total disbursement	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
1	12	13	14	15	16	17	18	19	20	21

## 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  
Pondichery

## ALL INDIA

\*Col. 22= Col. 3-4-23

\*\*Col. 23= Col.3-4-22

The progress report should be cumulative indicating the performance under the scheme from April to March of the respective year.

**Report showing the cumulative position for the quarter ended under the DWCUA component of SJSRY**

**Name of the Bank**

Name of the State/ Union Territories	Number of applns. pending sanction	Number of applns. rejected	DWCUA Number of applns. received	DWCUA Sanctioned			DWCUA Disbursed		( Amount in Rs. Lakhs)			
				No.of Groups	Total Memb.	Amt. sanctio ned	No.of Groups	Total Memb.	Loan amount disburs ed	Subsidy amount disburse d	Number of applns. pending	Number of applns. rejected
	*22	**23	24	25	26	27	28	29	30	31	*32	**33
<b>NORTHERN REGION</b>												
Haryana												
Himachal Pradesh												
Jammu & Kashmir												
Punjab												
Rajasthan												
Chandigarh												
Delhi												
<b>NORTH EASTERN REGION</b>												
Assam												
Manipur												
Meghalaya												
Nagaland												
Tripura												
Arunachal Pradesh												
Mizoram												
<b>EASTERN REGION</b>												
Bihar												
Jharkhand												
Orissa												
West Bengal												
Andaman & Nicobar												
Sikkim												
<b>CENTRAL REGION</b>												
Chhatisgarh												
Madhya Pradesh												
Uttaranchal												
Uttar Pradesh												
<b>WESTERN REGION</b>												
Gujarat												
Maharashtra												
Daman & Diu												
Goa												
Dadra & N.Haveli												
<b>SOUTHERN REGION</b>												
Andhra Pradesh												
Karnataka												
Kerala												
Tamil Nadu												
Lakshadweep												
Pondichery												

**ALL INDIA**

\* Col. No. 32=Col.24-25-33

\*\*Col. No.. 33=Col. 24-25-32

**The progress report should be cumulative indicating the performance under the scheme from April to March of the respective year.**