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## HOUSING & URBAN DEVELOPMENT DEPARTMENT

### NOTIFICATION

The 15th February, 2024

[ No.3784—HUD-HU-SCH-0004/2024/HUD.]

### **Guidelines for Interest Free Credit Guarantee Self Employment Scheme for Urban Youth namely “SWAYAM (U)”.**

#### **1. Short Title:**

This scheme is meant for unemployed or under employed youth in urban Odisha i.e. SWATANTRA YUVA UDYAMI, hence it is named as “SWAYAM (U)”.

#### **2. Background:**

The future of a state is driven by its youth; therefore, empowering them ensures prosperity of the state. Youth in the age group of 18-35 years constitutes the most productive segment of the population. Gainful engagement of these youth through entrepreneurial activities is the stepping stone to empower them. However, in many cases especially youth belonging to Economically Weaker Section (EWS) face challenges in availing loan from financial institutions to start or scale-up. It is pertinent to mention that, currently many interested youths in the state are shying away to avail bank loan under existing credit linked self-employment schemes due to interest burden on them. On the other hand, banks are also reluctant to lend them especially those who have no prior experience of taking up self-employment ventures. Moreover, mandatory provision of depositing sizeable margin money acts as a deterrent for these youth to go for loan. At last, the cumbersome and lengthy process of availing loan poses difficulties to these youth.

Therefore, Government of Odisha, in order to encourage the youth and to turn their ideas into action and dreams into reality, is proposing to launch a credit linked

self-employment scheme namely “SWAYAM (U)” as an effective means for taking up entrepreneurial activities, focusing primarily on urban youth belonging to economically weaker sections of the society.

### **3. Objective:**

objective of the scheme is to provide financial assistance to urban youth, in the age group of 18-35 years and upto 40 years for Special Category (SC/ST/PwD/Transgender) for setting up gainful self-employment ventures / micro-enterprises, suited to their skills, training, aptitude and local conditions through easy access of credit through banks with interest subsidy. The underemployed or unemployed urban youth is encouraged to set up small enterprises relating to manufacturing, service, and petty business for which there is considerable local demand.

### **4. Key Features:**

4.1 . All urban unemployed or underemployed youth with no outstanding loan for the same purpose from any Central/ State Government supported schemes in the age group of 18-35 years and upto 40 years for Special Category (SC/ST/PwD/Transgender) desirous of starting a new business or to expand their existing business will be provided interest free bank loan for project cost upto Rs. 1 Lakh.

4.2 . The cost of the project would be Rs.1.00 Lakh with 5% margin money to be paid by the borrower. Thus, an interest free loan amount of Rs. 95,000/- will be availed from banks by the beneficiary.

4.3 . Normal rate of interest applicable for similar Central / State Government Schemes shall be charged by the bank. However, the entire interest burden of the loan will be borne by State Government through interest subvention.

4.4 . Initially, the scheme aims to cover 50,000 unemployed youth of urban Odisha in the age group of 18-35 years (18-40 years for special category).

4.5 . The loan will be disbursed in maximum 2 (two) installments. The repayment period will be 4 years which includes moratorium period varying from 3 to 6 months as prescribed by the concerned bank / financial institution.

4.6 . There will be comprehensive insurance coverage on all types of risks including floods and earthquakes for 110 % of the value of the stocks declared by bank. The borrower will bear the insurance charges.

#### **5. Commencement and Duration:**

The scheme will be in operation for 5 years from the date of notification by State Government which may be extended further as per the decision of the Government.

#### **6. Target of Coverage:**

50,000 (Fifty Thousand) urban youth will be covered in 2 (Two) years which may be extended as per the decision of Government. H&UD Department will allocate district-wise target which SLBC will allocate amongst eligible banks of the District.

#### **7. Eligibility Criteria:**

All the applicants meeting the criteria mentioned below will be eligible for availing the benefit of the scheme:

7.1. Any individual within the age group of 18-35 years. For applicants belonging to special categories (SC / ST / PwD/Transgender), the upper age limit will be 40 years.

7.2. Applicant's family is covered under BSKY Scheme or having income of less than Rs 3 lakh per annum where "Family" implies self and spouse.

7.3. The applicant must have UDYAM registered / UDYAM assisted number.

#### **8. Exclusion Criteria**

An applicant covered under any of the parameters listed below will be excluded from availing benefit of the scheme: -

8.1. Defaulter in any bank / Financial Institution or having outstanding loan for the same purpose from any Central / State Government Schemes.

8.2. Employees of Central/State Government or any PSUs and their families.

8.3. If one member in the family is already covered under this scheme.

#### **9. Definition of Family:**

For the purpose of this scheme "Family" implies self and Spouse

**10. Applicability of the Scheme:**

10.1. Any income generating project in manufacturing / service/ trading / business.

10.2. Applicants desirous of setting up new enterprise or expanding existing enterprise can apply.

**11. Project Cost:**

The project cost will be Rs. 1 Lakh with 5% margin money to be paid by the borrower. Thus, the loan amount of Rs. 95,000/- will be interest free through interest subvention.

**12. Eligible Lending Institutions:**

All Public Sector Banks, private scheduled commercial banks, Regional Rural Banks, Co-operative banks covered under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) will be eligible to participate in this scheme.

**13. Rate of Interest and Repayment Schedule:**

The loan will be disbursed in maximum 2 installments. Normal rate of interest applicable for similar Central / State Government Schemes shall be charged by the bank. The repayment period will be 4 years which includes moratorium period varying from 3 to 6 months as prescribed by the concerned bank / financial institution.

**14. Guaranteed Coverage under this Scheme:**

The scheme has provision of credit guarantee coverage upto 100 % of the loan amount in collaboration with Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). State Government will provide guarantee upto 15% of Loan amount over and above 85% guarantee covered under CGTMSE.

**15. Annual Guarantee Fee charged by CGTMSE:**

CGTMSE will charge annual guarantee fee as per norms on its share of guarantee coverage. The State Government will bear the said cost on behalf of the borrowers.

**16. Interest Subvention:**

16.1.State Government will bear the interest accrued from the principal. Hence, for the borrower the interest burden will be nil. State Government will release Interest subvention on quarterly basis to the borrower's account which will be placed in advance with a nodal bank.

16.2.The detailed modalities for disbursement of interest subsidy amount among participating banks will be communicated separately by H&UD Department.

**17. Processing Fees**

No processing fees and service charges will be charged by banks.

**18. Insurance Coverage**

There will be comprehensive insurance coverage on all types of risks including floods and earthquakes for 110 % of the value of the stocks declared by bank. The borrower will bear the insurance charges.

**19. Margin Money**

The borrower will deposit only 5 % of loan amount with bank as margin money in advance.

**20. Collateral**

There will not requirement of any collateral for sanctioning of the loan by banks. Only the assets created may be hypothecated / mortgaged /pledged to banks, while advancing the loan.

**21. Implementation and responsibilities**

21.1.The services of Mo-Seva Kendra can be utilized by the applicant for submission of the application.

21.2.E&IT Department will fix a standard rate for filing of applications at Mo-Seva Kendra.

21.3.E&IT Department will further sensitize functionaries of Mo-Seva Kendra by organizing camps on features of the scheme.

21.4.The interested applicants will select the bank during filing application.

21.5.The concerned Bank, on receipt of application, will carry out the required due diligence (desk and field verification) after which the bank will sanction loan to the eligible applications.

21.6.During field verification bank will assist the applicant in preparing a simplified DPR required for sanctioning of the loan.

21.7. The banks will disburse the loan amount to the applicant after deposit of margin money by the borrower.

21.8. Loan will be disbursed maximum in two installments.

21.9. The repayment period will be 4 years which includes moratorium period varying from 3 to 6 months as prescribed by the concerned bank / financial institution.

21.10. The borrower will deposit the EMI with the concerned bank regularly after the moratorium period. However, the bank will charge interest during such moratorium as well. Even though the interest is chargeable from the date of 1st disbursement, the beneficiary will repay only after the moratorium period.

21.11. The borrowers are at the liberty to repay the loan amount earlier than the scheduled period. They can also opt for paying higher EMIs. However, the banks shall charge no penalty for such modification in the repayment schedule for the fore-closure of the loan.

21.12. The H&UD Department along with the SLBC will make overall supervision and the implementation of the scheme across the state. Further, H&UD Department / SLBC will be responsible for clarifying doubts and to ensure that bottlenecks in the implementation of the scheme.

21.13. The District Collector has a pivotal role to review the progress on a regular basis with concerned officials.

21.14. DUDA Level Committee will review the progress of the district.

21.15. ULB Level Committee will review the progress of the ULB.

21.16. The Municipal Commissioners/EOs of ULBs will organize Entrepreneurship Development Program (EDP) to orient and make aware the entrepreneurs and the beneficiaries whose loans have already been sanctioned to sensitize them on various managerial and operational functions like finance, production, marketing, enterprise management, banking formalities, book-keeping, statutory compliances etc. to run their business effectively. EDP training will be on hybrid (online & offline) mode.

21.17. In case of youth residing in a notified slum, Slum Dwellers Association (SDA) will play a critical role in the entire process, like providing information to bankers and facilitating the underemployed/unemployed youth of that slum to avail this scheme. SDA may also facilitate the targeted youth on various

other activities like registration of UDYAM, coordinating with authorities to organize awareness program and required capacity building.

## **22. Administrative Cost**

The Administrative Cost will be met out of 3% of the Programme Funds. The administrative cost will be utilized towards creation and up-gradation of IT infrastructure, awards, call center facility, awareness camps and review & monitoring meetings by State/District/ULB level. Apart from that, it will also be utilized for conducting required workshops, exhibitions, bankers meeting, various IEC activities and most importantly, Entrepreneurship Development Programme (EDP).

## **23. Entrepreneurship Development Programme (EDP)**

Municipal Commissioner/Executive Officer will organize EDP to orient and make aware the entrepreneurs and the beneficiaries whose loans have already been sanctioned to sensitize them on various managerial and operational functions like finance, production, marketing, enterprise management, banking formalities, book-keeping, statutory compliances etc. to run their business effectively. EDP training will be either in online or offline mode.

## **24. Grievance Redressal**

The applicants can put forth their grievances through Jana Sunani Portal or before concerned ULB/District/State authorities. The grievances will be immediately acted upon by the concerned authority.

## **25. Audit**

The expenditure under this scheme will be audited by Departmental Audit & Accountant General, Odisha.

## **26. 5T Charter / Mo-Sarkar**

The scheme has been formulated under the board charter of 5 'T's of the Government. Further, this scheme will also be covered under "Mo-Sarkar" platform for effective implementation.

## 27. Monitoring Mechanism

### 27.1. ULB Level

27.1.1. ULB Level Committee consisting of following members will be setup in each ULB to monitor the implementation of the scheme.

SI.No.	Designation	Position
1	Municipal Commissioner/Executive Officer	Chairman
2	Representative of all Banks in the ULB	Member
3	Industries Promotion Officer	Member
4	Two members nominated by ULB	Member

27.1.2. The meeting of the Committee will be held on monthly basis.

### 27.2. District Level

27.2.1. District Level Committee consisting of following members will be setup in each District and will hold meeting on monthly basis to monitor the implementation of the scheme concerning to the District.

SI .No.	Designation	Position
1	Collector	Chairman
2	LDM	Member
3	AGM,NABARD	Member
4	GM,DIC	Member
5	DPM, OLM	Member
6	Any two members nominated by collector	Member
7	PD,DUDA	Member convenor



### 27.3. State Level

27.3.1. State Level Committee consisting of following members will be setup to monitor the implementation of the scheme and will hold meeting on quarterly basis.

Sl. No.	Designation	Position
1	Chief Secretary	Chairman
2	Addl. Chief Secretary, H&UD Dept.	Member
3	Principal Secretary, Finance Dept.	Member
4	Principal Secretary, MSME Dept.	Member
5	Principal Secretary, SD&TE Dept.	Member
6	Commissioner-cum-Secretary, Dept. of Mission Shakti	Member
7	CGM, NABARD	Member
8	Convenor, SLBC	Member
9	Director, Housing, H&D Dept.	Member Convenor

### 28. Miscellaneous:

28.1. H&UD Department / SLBC will be responsible for clarifying doubts and to ensure that bottlenecks in the implementation of the scheme are removed as expeditiously as possible and communicated to all concerned as and when required.

28.2. Notwithstanding anything contained in any of the provision of this scheme, the State Government may at any time modify, vary, alter, amend, or withdraw any of the provisions made hereinabove in the Scheme and such modifications, variations, alterations, amendments and withdrawal shall be effective from the date specified in the order so made in this behalf.

**ORDER**

Ordered that this Notification be published in an Extraordinary issue of the *Odisha Gazette*.

By Orders of the Governor

G. MATHI VATHANAN

Additional Chief Secretary to Government