Government of Haryana
Haryana Rajya Sainik Board,
Panchkula

PRORITY SECTOR ADVANCES SCHEME FOR PROVIDING CREDIT ASSISTANCE TO EX-SERVICEMEN/DEPENDENTS OF DEFENCE PERSONNEL KILLED IN ACTION DISABLED MILITARY PERSONNEL

The government of Haryana have sanctioned a special Interest Subsidy scheme to be operated by Rajya Sainik Board, Haryana, under the scheme, Ex-servicemen and dependents/widows of servicemen killed in Indo-Pakistan other wars and Sino India wars, disabled military personnel who are desirous of setting up worthwhile project or small business ventures/service units are eligible for receiving interest subsidy equal to the difference between 4% to 7% as the case may be (that they themselves have to bear) and the normal rate of interest they have to pay to the commercial banks on landings under their approved schemes for priority sector.

2. Rajya Sainik Board Haryana established in the year 1966 has been assisting the ex-servicemen their dependents/widows of servicemen killed in Indo-Pakistan other wars and Sino India wars, disabled military personnel with a view to finding some gainful economic activity for their socio-economic uplift and making the life meaningful for them.

1. **(a) Eligibility**

(i) The ex-servicemen desirous of getting a subsidy on the rate of interest should apply to the bank for getting their scheme and loan approval subject to a maximum limit of Rs. 50,000/0 and Rs. 1,00,000/- in case of Co-operative Venture. Only those cases where the scheme has been approved by the bank for the sanction of a loan will be considered for the grant of subsidy.

(ii) The proposal will be considered in case of these eligible ex-servicemen under the scheme who have not got any benefit from Govt. sources for the settlement.

(iii) The subsidy will be considered to the ex-servicemen and to the actual dependents of the deceased service personnel.

(b) Rate of subsidy

The subsidy will be admissible to the entrepreneurs as under :-

(i) Loans upto Rs. 5,000 :- The rate of interest payable by the entrepreneurs will be 4% p.a. The difference between the rate of interest charged by the bank and 4% will be re-imbursed for a period of three years from the date of grant of loan.

(ii) Loan above Rs. 5,000 and upto Rs. 50,000 :- The rate of interest payable by the entrepreneurs will be 7% p.a. The difference between the rate of interest charged by the bank and 7% will be re-imbursed for a period of three years from the date of grant of loan.

(iii) Rs. 1,00,000 in the case of cooperative Societies formed by Ex-servicemen. In this case too the rate of subsidy will be 7% as per (b) (ii) above.

2. Procedure

(i) The proposal for the subsidy will be examined and processed through concerned Banks and approved by Secretary Rajya Sainik Board. All cases will be placed before the management Committee of Amalgamated Fund for ratification.

(ii) The number of installments of repayment will be fixed by the bank keeping in view of the amount of loan and the nature of venture for which the loan is being given. The subsidy will be for a period of three years.

(iii) The subsidy will be credited yearly in the account of Ex-servicemen borrower and would be conditional on the entrepreneurs paying the installment of loan and interest regularly throughout the year. If at any time, he is irregular or defaults in the repayment he will not be eligible for the grant of subsidy from that date. However, the Secretary, Amalgamated Fund Haryana can consider each case on its merits.

(iv) The entrepreneurs will produces from the bank concerned certificate regarding payment of last installment and interest on due date with initial claim for subsidy through Zila Sainik Board. On receipt of this certificate the subsidy will be re-imbursed to the entrepreneur through the Bank. The concerned bank will furnish two subsequent yearly claims direct to the Rajya Sainik Board in the proforma at Annexure-II attached alongwith certificate.

3. The scheme ensures that the recovery of the loan will be the responsibility of the banks and the advantage of low rate of interest will be available to deserving ex-servicemen.

4. Rajya Sainik Board will identify the eligible persons with the assistance of Zila Sainik Boards functioning in each of the Districts in Haryana.

5. Zila Sainik Board will forward the loan applications of eligible ex-servicemen etc. to Branch Managers of the concerned Bank in whose area of operation the project of the beneficiary will fall.

6. Since the board has not introduced any seed capital assistance scheme for the minimum margin contribution towards the construction of the project can be reduced by Banks to the following extent on merit of each case :-

(a) Upto Rs.5,000:-No margin (i.e. finance may be provided upto 100% of the project cost).

(b) Rs. 5,000 to Rs. 50000 :- 5% to 10% (depending upon the applicants capability).

(c) Rs. 50,000 to Rs. 1,00,000 :- 15% to 20% (depending upon the applicants capability).

7. However, the Board will not insist on margin money, Bank may accept more according to the capability of the applicant. Concerned Bank will provide assistance to entrepreneurs in securing Seed Capital of Margin Money assistance, if available, from other Govt. agencies under Central/State Govt. sponsored schemes. Cases of entrepreneurs eligible for grant of interest free equity support under ‘Equity Fund Scheme’ introduced by the Bank for SSI units should be recommended to the controlling authority.

8. Financial assistance by the Bank will be extended strictly according to their norms for each scheme. No deviation will be permitted except with the prior approval of the controlling authority.

9. The Board will maintain their main account with Banks concerned at Chandigarh for remittance of interest subsidy payable in each case to concerned branch for credit to the loan account of the beneficiary. The said branch will receive and deal with the claim for interest subsidy.

10. The nature and scope of the financial assistance as also the procedure to be followed for claiming interest subsidy is explained hereunder:-

(i) Competent Authority

The scheme will be operated by Rajya Sainik Board, Kothi No. 945, Sector-8, Panchkula. District Ambala in the State of Haryana.

(ii) Commencement

The scheme shall come into force with immediate effect.

(iii) Scope of the scheme

The scheme will be applicable to any manufacturing industry, agriculture activities, small business venture or mention for rendering service established on an individual/partnership/cooperative/joint stock company basis by ex-servicemen, disabled military personnel, war widows and their dependents, dependents of ex-servicemen.

(iv) Nature of subsidy

The difference between interest rate of 4% to 7% per annum as applicable and the normal rate on interest charged on the loans advanced by the bank, in such cases shall represent the quantum of subsidy by the Board.

Provided that their total quantum of subsidy in one case shall not exceed Rs. 25,000/- per annum in the case of unit set up by an individual/partnership/joint stock company. The total quantum of subsidy in the case of unit set up by eligible persons under the scheme on co-operative basis shall not exceed Rs. One lac per annum.

Provided further in case of penal rates of interest subsidy will be restricted to the difference between the normal rate of interest and interest rate of 4% to 7% per annum whichever is applicable.

(v) **Duration of subsidy**

Subsidies granted by the Board shall be limited for a period of 3 years from the date of advancement provided the beneficiary has repaid the installment of the loan alongwith the interest.

(vi) **Procedure for claiming subsidy**

The rate of interest on any loan advanced by the bank under this subsidy will be the normal rates of interest. The ex-servicemen etc. however can claim the difference between the normal rate of interest and subsidy rate from the Board. The concerned branches will forward the claims duly verified by them as per performa (Annexure I &II) to the Secretary Rajya Sainik Board, Kothi No. 945, Sector-8, Panchkula. District Ambala for re-imbursement and remittance of subsidy amount to the concerned borrower. The initial claim may be preferred by the borrower in Annexure –I through the concerned Zila Sainik Board with the Rajya Sainik Board alongwith certificate from the Bank as per Annexure-I for having repaid yearly installment of loaned amount with interest. Subsequent two years interest subsidy claims will be forwarded by the Bank concerned yearly direct to Secretary, Rajya Sainik Board as per Annexure –II provided that :-

(a) The bank shall claim only the actual difference between the interest rates normally charged by it and the concessional rate of 4% to 7% as applicable.

(b) No levy and other charges in respect of these loans are included in it.

(c) Separate accounts are maintained in respect of the beneficiary for whom the subsidy is claimed as per Annexure-III.

(d) Claims are preferred for reimbursement in proper from i.e. Annexure-I.

(e) Claims are preferred yearly to the Secretary Rajya Sainik Board as soon as possible but in no case later than 90 days after completion of every year from the date of advancement.

11. The Board shall not bind itself for recovery of bank's dues and such as loan will be granted only to deserving and genuine persons whose project will be economically viable so that the recovery is fully assured. However, Board shall lend a helping hand for the purpose, wherever requested for by the Bank.

12. In view of the above, Bank Branch Managers are advised as under :-

(i) The loan proposals sponsored by the Zila Sainik Board should be expeditiously finalized strictly on merits according to Bank's usual norms. No proposal will be rejected without prior approval of the controlling authority. The details of the cases rejected and reasons therefore will be advised to Zila Sainik Boards at the earliest possible time.

(ii) Subsidy will be obtained from the main Bank offices concerned located at Chandigarh.

(iii) Loan documents will be contained strictly according to the scheme of the Bank. Loan will be disbursed only after all the formalities for documentation have been completed.

(iv) A register of the loanees financed under the tie-up arrangement will be maintained on the lines of Annexure-III to this circular by the Banks so its to have first hand in formation regarding financial assistance extended under the arrangement. All development taking place in the borrower's account financed under the arrangement will be recorded therein.

(v) A monthly statement of loan application received and disposed of at the branch will be sent to respective controlling authority of Bank and Secretary Rajya Sainik Board by 10th of the following month.

Endst.No. 6/5/82-1BC Dated 01-1-99

A copy of forwarded to all the Secretaries of Zila Sainik Boards in Haryana for information and necessary action.

Sd/-
Deputy Secretary Board,
for Secretary, Haryana Amalgamated Fund for the
Welfare of ESM-Cum-Rajya Sainik Board.

Internal Distribution

1. Under Secretary Defence.
2. PPO.

From

The Secretary,
Haryana Amalgamated Fund for the
Welfare of ESM-Cum-Rajya Sainik Board,
Sainik Bhawan, Sector-12, Panchkula.

To

All the Regional Managers,
of Banks.

Dated Panchkula, the 01-1-99

Subject:- Interest subsidy scheme by Haryana Rajya Sainik Board for the welfare of Ex-servicemen entrepreneurs.

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Sir/Madam,

I am to refer to this office letter of even No. dated 2-12-1982 on the subject noted above and to inform you that the State managing Committee of Haryana Amalgamated Fund has increased the limit of loan for interest subsidy. Now the revised subsidy admissible to the Ex-servicemen entrepreneurs will be as under :-‘

Limit of Loans	rate on Interest Payable by ESM	% interest subsidy allowed
i) Upto Rs. 50,000/-	6%	Difference between Bank interest and the liability of the ESM.
ii) Above Rs. 50,000/- and upto Rs. 2 lacs	9%	-do-
iii) For Cooperative Societies formed by ESM upto Rs.5 lacs	10%	-do-

The other terms and conditions issued vide this office letter No. 6/5/82-4BC dated 2-12-1982 will remain unchanged.

2. You are requested to circulate these amendments to all the Managers of Banks under your control for vide publicity so that the ex-servicemen entrepreneurs may avail the maximum benefit under the existing schemes of your Bank.

Yours Sincerely

Sd/-
Deputy Secretary Board,
for Secretary, Haryana Amalgamated Fund for the
Welfare of ESM-Cum-Rajya Sainik Board.

From

The Secretary,
Rajya Sainik Board, Haryana,
Sainik Bhawan, Sector-12, Panchkula.

To

All Secretaries,
Zila Sainik Boards,
in Haryana.

Memo No. 23/1/2005-3D-III
Dated 19.09.2008

Subject:- Forwarding of Interest Subsidy Cases – Formalities thereof.

Reference on the subject noted above.

2. It has been observed that the ZSB's are forwarding the Interest Subsidy cases with out obtaining of the required documents from the concerned ESM. It must be ensured that the following documents are attached while forwarding the Interest Subsidy cases :-

1. Annexure-I duly filled by the applicant and the O/O Secretary/ZSB concerned.
2. Annexure – II duly verified by the Loan provider Bank.
3. Interest subsidy calculation sheet.
4. Affidavit in which it should be mentioned that the ESM has not in receipt of any FA/other kind of concession/loan/interest subsidy from Haryana Govt./any other State Govt./Govt. of India.
5. Bank Statement.
6. Domicile Certificate
7. Attested photocopy of Discharge Book (All the pages of Discharge Book).
8. In case of vehicle loan , the copy of RC is also required.

Sd/-

Welfare Officer
for Secretary, Rajya Sainik Board, Haryana.