

SCHEME FOR ISSUANCE OF WEAVER CREDIT CARD

INTRODUCTION

Handloom sector largely comprises of small and tiny units, which fall mostly under the unorganized sector. While Banks have financed some weavers under their existing lending programmes, it is found that credit needs of a large number of weavers are being met through informal channels. Past experience in this sector has pointed to the need for an Institutional delivery mechanism to promote or undertake activities for the well being of weavers. The Government of India has implemented a number of Schemes for the development of handloom sector. The Government efforts aim at technology support, establishment of forward and backward linkages and development of entrepreneurial traits among weavers. It is expected that implementation of Weaver Credit Card (WCC) Scheme will go a long way in supporting the government initiatives. Implementation of this Scheme dovetailed with other Government programmes is expected to improve the quality of loan assets of Banks.

I) OBJECTIVE

The WCC Scheme aims at providing adequate and timely assistance from the Banking institutions to the weavers to meet their credit requirements i.e. for investments need as well as for working capital in a flexible and cost effective manner. The Scheme would be implemented both in rural and urban areas.

II) ELIGIBILITY

- All weavers and ancillary workers involved in weaving activities (including new borrowers who are otherwise eligible for credit facilities for carrying out the proposed activities under any of the existing Bank Schemes) would be eligible.
- Preference would be given to weavers identified under the Third Census of Handloom weavers conducted by Development Commissioner (Handlooms), Ministry of Textiles as well as to weavers identified by the State Governments.
- Thrust in financing would be on clusters of weavers and ancillary workers who have joined to form Primary Weavers Co-operative Societies / Self Help Groups (SHGs) / Consortia / Producer Companies / Joint Liability Groups (JLGs). While membership in such bodies would give greater comfort to banks in lending under the Scheme, bank finance will be given to weavers in their individual capacity.
- All existing weaver borrowers of the Bank enjoying credit facilities and having satisfactory dealings with the Bank will also be eligible to avail credit facilities under the Scheme for a three year period as also the benefits from

III) ISSUE OF CARDS

The beneficiaries under the Scheme will be issued with a Photo Weaver Credit Card (WCC) indicating sanctioned limit and validity period of credit facility. He would also be issued a passbook or a credit cum passbook, incorporating name, address, borrowing limit, validity period, etc. While the Weaver Credit Card will be used for identification, the passbook would facilitate the recording of transaction on an ongoing basis. The bank may also issue Smart Cards or any other electronic device for identification and operation of loan account, the cost for this may be borne by the Banks themselves.

IV) FIXATION OF CREDIT LIMIT

- The credit limit will be fixed based on assessment of working capital requirements as well as cost of tools and equipments required for carrying out weaving activity.
- The maximum limit to individual weavers will be upto ₹ 2 lakhs. *
- The limit is expected to be utilized as a revolving cash credit and will provide for any number of drawals and repayment within the limit. Banks may, however, fix a repayment schedule for the portion of loan availed for the purchase of tools and equipments. As the limit sanctioned would normally have a validity of three years, the need to accommodate incremental working capital requirement may be kept in view.

* Note : The working capital requirement would depend on the operating cycle, nature and type of yarn used for weaving etc.

V) MARGIN

Normally no margin will be required for limits upto ₹ 25,000/-. 20% margin will be required for limits above that. However, this may vary as per guidelines of RBI from time to time and the Bank's policy in this regard.

VI) VALIDITY / RENEWAL OF LIMIT

- The credit card would normally be valid for 3 years subject to an annual review by the Bank.
- The review may result in continuation of the facility, enhancement of the limit or cancellation of the facility, depending upon the performance of the borrower. Need based enhancement will be considered within the overall limit of ₹ 2 lakhs for borrowers having satisfactory performance / conduct of account.
- For the purpose of annual review, the borrower may not be required to submit any financial statement.
- Based on the assessment of performance during inspection of field staff and

the decision on continuation or otherwise of the limits sanctioned may be taken.

- No fees will be charged at the time of review / renewal of card.

VII) SECURITY

The limits sanctioned will be secured by way of primary charge over the assets financed. No collateral security will be required. However, banks may obtain credit guarantee cover from CGTMSE for the limits sanctioned under the Scheme as per Bank's policy and availability of risk cover. Insurance cover may be arranged for the assets financed as per existing practices in the Banks. The requirement of a credit guarantee cover from CGTMSE by the Banks should not be a pre-condition for issuance of a Weaver Credit Card.

VIII) OPERATIONAL DETAILS

The issuing branch would maintain the ledger account in respect of WCC accounts and all the operations in the account will normally be through this branch. Considering the nature of operations of weavers, it is expected that most of the drawings in the account would be in cash and this may be facilitated through withdrawal slips / cheques accompanied by the passbook. For units newly set up, disbursement may be made in phases based on implementation of the Scheme. However, Banks may, at their discretion, permit operations through other designated branches also, taking into account the convenience of the borrower.

IX) RATE OF INTEREST

Linked to Base Rate of the Bank as per RBI norms / Bank's policy.

X) GOVERNMENT SUPPORT TO HANDLOOM WEAVERS

Based on Third National Census of Handloom Units & Allied Activity Workers, the Govt. has issued photo identity cards to Handloom Weavers and this card could serve as identity document. The Govt. has identified 550 handloom clusters containing 300 – 500 weavers for nurturing under Integrated Handloom Development Scheme (IHDS). Out of funds allotted for development of the clusters in many places, cash support is being offered to weavers to facilitate availment of bank loan. These could be in the form of margin money support upto ₹ 4,200/- per weaver and / or interest subsidy upto 3% on bank loans and / or reimbursement of one time guarantee fee as applicable (1% at present) and annual service charges as applicable (0.5% at present) for a period upto 3 years payable for guarantee cover under CGTMSE. In places where margin money support is available, the same may be included in the margin money to be brought by the borrower. Information about support available from the Govt. in the form of direct financial assistance as above, marketing support, assistance in evaluating stocking needs of the weavers etc., can be obtained from any of the following :

1. Commissioner / Director (Handlooms & Textiles) in-charge in the State Government
2. Office of the Development Commissioner for Handlooms
3. Assistant Director, Handlooms or District Industries Centre in the District concerned.
4. Nearest Weavers' Service Centre of the Ministry of Textiles
5. Cluster Development Executive in respect of Handloom clusters identified under IHDS.

X) MONITORING OF ACCOUNTS

Visits to the Handloom weavers premises by field staff and review of operations in the account may be used as tools for monitoring loan accounts covered under the Scheme. Submission of stock statements and other financial statements may be waived under the Scheme.

(Application Form No. _____)

Application Form for Weaver Credit Card

To

The Branch Manager

_____(Name of the Bank)

_____(Branch)

District :

Dear Sir/Madam,

Application for Handloom Weaver Credit Card

I/We the undersigned Shri/Smt./Ms. _____ Son/daughter/wife of Shri _____, residing at Village _____ Talluka _____ District _____ hereby apply for sanction of handloom Weaver Credit Card for the following credit facilities :-

- i. Bank Loan of Rs. _____ (Rupees _____),
- ii. Margin Money amount of Rs. 4200/- (Rs. Four thousand two hundred only) by Government of India,
- iii. Margin Money amount of Rs. _____ (Rupees _____) by the applicant weaver.

Total Limit : Rs. _____ (Rupees _____)

Out of the above total amount, Rs. _____ are needed for the purchase of equipment and Rs.

_____ as working capital for the purchase of yarn etc. The amount for purchase of equipment will be repaid in 36 months.

The other details are given in Annexure-I.

For this purpose I/we furnish the required information in the enclosed format which is correct to my/out knowledge and belief. I am/we are aware that in case any of the information furnished by me/us in this respect is proved to be incorrect, false or incomplete, the handloom weaver credit facility given by you may immediately be cancelled/recalled/with drawn without giving any notice to me/us. I/we have read all the latest Rules and Regulations for your Bank and I/we undertake to comply with/follow those Rules and Regulations.

If material is purchased from the authorized Member Establishment Dealer by me/us, I/we authorize you to debit my/our account for the material purchased/made payment through the charge slip. Further, I/we hereby undertake to submit cash receipts/bills/invoices to the bank for the material purchased/payment made.

I/we hereby undertake to operate/maintain the accounts within the sanctioned limit of loan and will make entire transactions through your Bank.

Yours faithfully,

Signature/Thumb Impression

Name : _____

Date :

Place :

(Application Form No. _____)

Acknowledgement

Application Form for Weaver Credit Card is received from Shri/Ms./Smt. _____

Son/daughter/wife of Shri _____ Cluster _____ on _____.

Signature _____

Name _____

Post held _____

Latest Photograph

Annexure-I

Information for the Handloom Weaver Credit Card (Application Form Sl. No. _____)

1. Full Name of Applicant(s) Shri/Smt./Ms. _____
2. Father's/Husband's Name _____
3. Age _____ Date of Birth _____
4. Gender (Male/Female) _____
5. Category : General/SC/ST/Minority (Please Specify) _____
6. Present Residential Address _____

7. Permanent Residential Address _____

8. Telephone No. _____ Mobile No. _____

9. Handloom Weaver Identity Card No./Yarn Pass Book No./Health Insurance Card No./Any other ID No. of Handloom weaver _____ (Name of the ID Document) _____

9.1 Date of Issue _____ Issuing Authority _____

10. Type of weaving : Silk Weaving/other weaving _____

11. Whether owns a handloom or not : Owned/not owned

12. Experience in the handloom weaving _____ Years

13. Present monthly income of the borrower _____

14. Any other business (if any) _____

15. Details of the assets owned by the borrower :

Sl. No.

Category

Brief Particulars and no.

Present Value (Rs.)

i.

Handloom

ii.

Savings with Bank/Post Office or other savings

iii.

Household durables such as TV, Fridge etc.

iv.

Vehicles

v.

Other movable property

vi.

House/any other immovable property

16. Brief particulars of buyers/Parties to whom handloom items were supplied during the past six months by the borrowers :-

Sl. No.

Name of the Buyer/party

Address

Mobile No./Telephone No.

Average monthly amount received

1.

2.

3.

4.

17. Whether a member of a Weaver Society or not _____

If yes, i. Name of the Society _____

ii. Membership No. (if any) _____

iii. Amount of loan availed from the society _____

(if any) present outstanding amount (Rs.) _____

18. Present Bank Account No. _____

18.1 Name of the Bank _____ Name of the Branch _____

19. Details of the present loan : I am/we are availing of the following credit facilities from Bank/Micro Finance Institutions/Co-operative Societies/Private Money Lenders :-

(Rs. In lakhs)

Sl. No.

Name of the creditor

Place

Purpose of the finance

Nature of the facility (CC/term loan)

Credit limit

Present outstanding

Over due, if any.

I/we confirm that the particulars given above are true and correct to my/our knowledge and belief, I/we hereby authorize the bank to disclose all or any particulars or details or information relating to my/our loan accounts with the Bank to any other Financial Institutions, Government or any other agency as may be considered necessary or desirable by the Bank.

Place :

Date :

Signature of the Applicant(s)

Name of the Applicant(s) _____

Documents to be enclosed with the Application Form :

1. Photocopy of the Yarn/Book/Weaver ID/Health Insurance Card issued to the Applicant (please see Sl. No.9)
2. Photocopy of the Ration Card/Voter Identity Card
3. One passport size photograph
4. Membership copy of the weaver's society, if any
5. Annexure-I and II

Recommendation of the Competent Authority

Application Form of Shri/Ms./Mrs. _____ Son/daughter/wife of Shri _____ has been checked. All information in complete shape and desired documents are given with this Application Form. Therefore, this is forwarded to the concerned Branch for taking further action as per the Rules of the Bank.

Date :

Place :

(Signature with seal)

Name : _____

Post : _____

Note :- This recommendation may be made by the Officer of concerned State Government Handloom Department or by the Officer of the Weavers' Service Centre of the Government of India.

Annexure - II

Declaration and Undertaking

I _____ Son/Daughter/Wife of Shri _____ age _____ years residing at _____ hereby declare and affirm that -

1. I reside at the aforesaid address.
2. I also affirm that I do not have any outstanding loans taken from any Bank or institutions or any other society except what is mentioned in my above Application Form.
3. I hereby undertake that if a loan is granted to me, then it will be utilized for the purpose for which it is granted and will produce documents for raw material to be used in Handloom weaving related activities, tools relating to handloom, bills/receipts etc. and any other document to the concerned Bank Branch in support of the loan being fully utilized.
4. I hereby undertake not to sell or mortgage and deal with it in any way except hypothecating the assets as security created out of the loan given by the financing Bank.
5. I will actively and whole heartedly pursue my business for which I propose to take loan from your Bank and undertake that I will deposit my earnings from that business in my Bank Account with you.
6. I undertake that I will maintain minimum balance equivalent to the equal monthly instalment (EMI) every month in the Saving Account (through which the loan amount will be disbursed).
7. I hereby undertake to abide by the terms and conditions which the Bank may stipulate in sanctioning this loan and inform the Bank in the event of acquiring any other assets during the period of this loan.

Place :

Date :

Signature/Thumb Impression

(Name of the undertaker/declarant)

We confirm that aforesaid declaration/undertaking is made in sound mental condition without any pressure/prejudice by Shri/Ms./Smt.son/daughter/wife of

Shri before us on(date)..... and signed/executed while declaring it.

Place:

Date :

(Signature with seal)

Competent Authority

Name : _____

Designation : _____

Note : Competent Authority means Officer of the State Government Handloom Department/Officer, Weaver Service Centre/Officer of the concerned Bank Branch/Implementing Agency.