

coverage, however, would be for five years or till the loan is repaid, whichever is earlier, irrespective of the age of Swarozgaris at the time of sanction of loan.

10. Security norms

For individual loans upto Rs.1 lakh and group loans upto Rs. 10 lakh, the assets created out of bank loan would be hypothecated to the bank as primary collateral. In case where movable assets are not created, as in land-based activities such as dug well, minor irrigation etc., mortgage of land may be obtained. Where mortgage of land is not possible, third party guarantee may be obtained at the discretion of the bank.

For all individual loans exceeding Rs. 1 lakh and group loans exceeding Rs. 10 lakh, in addition to primary security such as hypothecation / mortgage of land or third party guarantee as the case may be, suitable margin money/ other collateral security in the form of insurance policy; marketable security/ deeds of other property etc. may be obtained at the discretion of the bank. The upper ceiling of Rs. 10 lakh in respect of group loans is irrespective of the size of the group or pro rata per capita loan to the group. While deciding the limit for collateral security, the total project cost (bank loan plus Government subsidy) should be taken into consideration by banks.

11. Subsidy

Subsidy under SGSY will be uniform at 30 percent of the project cost, subject to a maximum of Rs. 7,500/-. In respect of SC/STs it will be 50 percent of the project cost subject to a maximum of Rs. 10,000/-.

The group is entitled to subsidy of 50% of the project cost subject to per capita subsidy of Rs. 10000/- or Rs. 1.25 lakhs, whichever is less. There will be no monetary limit on subsidy for irrigation projects.

Subsidy under SGSY will be back ended. Banks should not charge interest on the subsidy amount. The availability of the benefit of subsidy to Swarozgaris would be contingent on the proper utilisation of loan as also its prompt repayment and maintaining the asset in good condition. The procedure for operation of