

Swarnjayanti Gram Swarozgar Yojana (SGSY)- Financing of Groups having defaulters

RPCD.No.SP.BC. 86 /09.01.01/2002-03

April 16, 2003

**The Chairman and Managing Director
All Scheduled Commercial Banks
(Except RRBs)**

Dear Sir,

Swarnjayanti Gram Swarozgar Yojana (SGSY)- Financing of Groups having defaulters

Please refer to our circular RPCD.SP.BC. 99/09.01.01/2001-02 dated June 4, 2002 communicating the definition of family and willful defaulters under the SGSY scheme as defined by the Government of India. Government of India has since clarified that it is desirable that willful defaulters should not be financed under SGSY. In case willful defaulters are members of a group, they might be allowed to benefit from the thrift and credit activities of the group including the corpus built up with the assistance of Revolving Fund. But at the stage of assistance for economic activities, the willful defaulters should not have the benefit of further assistance until the outstanding loans are repaid. Willful defaulters of the group should not get benefits under the SGSY scheme and the group may be financed excluding such defaulters while documenting the loan. Further, non-willful defaulters may be certified by a team comprising the BDO or his representative, bank manager and the Sarpanch.

2. Clarifications were sought by certain banks as to whether a household having two kitchens and two ration cards should be treated as a family or as two families. It is clarified that the existence of two kitchens or two ration cards in the same house is an indication of two families. Mere declaration by the loan applicant that he has separated from the family may not be considered as sufficient document for separate household. It needs to be ensured that ration card may not be insisted upon while defining the terms, due to various ground level difficulties faced in its procurement. The branch managers may be advised to devise their own ways of verifying the facts while taking decision on the same by inspecting/ visiting the villages in case of doubtful cases.

3. We shall be glad if you will issue suitable instructions to your controlling offices/ branches in this regard.

Yours faithfully

Sd/-

(P.K.Bahinipati)
Deputy General Manager