

Annexure – 9.45

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Vaddi Lenu Runalu full interest subvention for Self Help Group (SHG)
Bank loans under SHG Bank linkage programme - payment of interest
incentive to the SHGs orders issued

PANCHAYAT RAJ & RURAL DEVELOPMENT (R.D.II) DEPARTMENT

G.O.Ms No. 403

Dated:26-12-2011

Read the following.

1. G.O Ms . No. 271, PR & RD (RD III) Dept, dated : 17.09.2004
2. G.O Ms . No. 152, PR & RD (RD III) Dept, dated : 02.05.2005
3. G.O Ms . No. 136, PR & RD (RD II) Dept, dated : 09. 04.2007
4. G.O Ms . No. 241, PR & RD (RD II) Dept, dated : 03. 08.2009
5. G.O Ms . No. 285, PR & RD (RD II) Dept, dated : 07 08.2010
6. G.O Ms . No. 352, PR & RD (RD II) Dept, dated : 31. 10.2011

ORDER :

1. In the references read above, the Government of Andhra Pradesh, with a view to encouraging better repayment culture and to reduce the interest burden on the rural poor for the SHG Bank loans, introduced the 'Pavala Vaddi" (interest subvention upto 3% per annum) scheme. Under this, all SHGs who have availed Bank Loans up to Rs. 5.00 Lakhs and pay EMI/ installment amount promptly will be eligible for interest subvention. The interest subsidy amount is paid into the accounts of the Self Help Group (SHGs) once in half - year.
2. The chief Executive officer, SERP, Hyderabad reported that the Pavala Vaddi scheme has had a positive impact on credit access to the rural poor resulting in significant reduction in poverty. It has resulted in dramatic increase in repayment rates. Chief Executive officer, SERP has further reported that despite this, the enterprises being run by the rural poor SHGs have come under stress due to mounting interest rates prevailing in the market affecting their profitability. It has proposed that marching on the path towards economic empowerment of the SHG women, it is essential to extend the interest subvention to cover whole interest portion. This can take the SHG movement to new heights, by allowing higher flow of credit to the rural enterprises and by improving the repayment culture.
3. The Government after careful examination of this proposal of Chief executive Officer, SERP hereby decided that the loans taken by SHGs as a part of SHG Bank Linkage program Shall be eligible for full interest subvention, known as 'Vaddi lenu Runalu'. The Vaddi lenu Runalu operates as per the following guidelines.

- a) The Vaddi lenu Runalu' (VLR) Scheme will be implemented with effect from 1.1.2012 for all repayments made after that date for the outstanding SHG Bank Loans including any fresh loans given thereafter.
 - b) The interest incentive will be released to the groups once in 6 months.
 - c) Only groups which repay regularly will be eligible for the incentive.
 - d) The incentive amount will be released directly into the amount of the SHG concerned.
 - a) The incentive amount will be released directly into the amount of the SHG concerned.
4. The Chief Executive Officer, SERP, Hyderabad is requested to publicize the scheme and implement it effectively so that the objectives of the scheme are comprehensively met.
5. The order issues with the concurrence of the Finance Department vide their U. O. No. 7729/712/Expr -Pr & RD /2011, Dt. 9-12-2011.
6. The GO is available on the internet and can be accessed at the address <http://www.rd.ap.gov.in> and <http://goir.ap.gov.in/>.

(BY ORDER IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

R. SUBRAMMANYAM
PRINCIPAL SECRETARY TO GOVERNMENT (RD)

TO

The Chief Executive Officer, SERP, Hyderabad
All the District Collectors in the state
All the project Directors of DRDA in the State

Copy to:

The Special Secretary to Chief Minister
The PS to Chief Secretary to Government
The PS to Minister (IKP & Pensions)
The PS to Principal secretary to Government (RD)
The PR & RD (General) Department

SF/SC

//FORWARDED:: BY ORDER//

SECTION OFFICER

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