

905/836/08E

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

Industries and Commerce Department - Handlooms and Textiles - Providing of working capital to Handloom Weavers coop societies - Pavala Vaddi Scheme - Orders - Issued.

INDUSTRIES AND COMMERCE (TEX) DEPARTMENT

G.O.Ms.No.75

Dated 14-3-2008.

Read:-

From the Director of Handlooms and Textiles and Development  
Commissioner for Apparel Export Parks, Andhra Pradesh Hyderabad.,  
Lr.Rc.No.17420/2006-C, dated 14.11.2007.

\*\*\*\*\*

ORDER:-

Government is taking various steps for the promotion of the socio-economic well being of the Handloom Weavers. Most of the schemes intended for socio-economic development of weavers are being channeled through Handloom Weavers Cooperative Societies, as the schemes can be better monitored and implemented in a proper way. The cooperative societies enabled the Handloom Weavers to bargain for better wages. Field observation revealed that, the weavers in the area of operation of a good & strong Handloom Weavers Cooperative Society are in a better economic condition than the weavers of a weak / defunct cooperative society as there will be fair competition between the Good working society and the Master Weavers in payment of wages & providing work to the weavers. Hence, there is need to strengthen the Weavers Co-operative Society for achieving the goal of socio-economic well being of Weavers through Co-operative Societies.

2. The NABARD is providing credit limits to meet the working capital needs of weavers Co-operative societies through Andhra Pradesh State Co-operative Bank Ltd., (APCOB) and District Co-operative Central Banks (DCCBs) concerned. The NABARD has provided credit charging interest @ 6% per annum up to the year 2006-07. Credit is being provided @ 9% by the DCCBs, on account of administrative charges collected by DCCBs and APCOB. Government is providing interest subsidy/ rebate @ 3% and hence the credit is available to the societies @ 6% per annum i.e., at the rate being charged by NABARD.

3. The NABARD has enhanced the lending rate from 6% to 9.5% from the year 2007-08 onwards. On account of the increase in the interest @ 9.5% by NABARD, the cash credit is provided to the Weavers cooperative societies @ 12.5% on account of administrative charges of DCCBs and APCOB.

4. On the one hand the weavers cooperative societies are representing to provide credit on Pavala Vaddi but on the other hand the NABARD has steeply enhanced the lending rate from 6% to 9.5%, which is adding fuel to the problems of the Weavers Cooperative Societies.

5. Government in order to make available the required working capital to the Handloom Weavers Co-operative Societies at concessional rate of interest and to reduce the interest burden on the societies have formulated a new scheme "Pavala Vaddi Scheme" for Handloom Weavers Co-operative Societies duly enhancing the interest subsidy / rebate.

(PTO)

6. The difference of interest over and above 3% charged by the Banks shall be reimbursed by the Government to the respective cash credit accounts of the Co-operative Societies, subject to a maximum of 9.5% interest subsidy in case of Primary Weavers Co-operative Societies and 7.5% in case of APCO.

7. The "Pavala Vaddi Scheme" to handloom weavers Co-operative Societies shall come into effect from 01-04-2008.

8. The eligibility criteria of the Co-operative Societies under the scheme is as detailed below:-

a) Weaver Co-operative societies including APCO which are availing Cash Credit limits sanctioned through NABARD / DCCBs / APCOB own funds and Commercial Banks and the societies should operate on the cash credit accounts properly.

b) The scheme is applicable to Cash credit-loans taken on or after 1st April, 2007 and the "Pavala Vaddi" Scheme shall be implemented with effect from 1-04-2008.

c) There shall be 100% renewal of credit limit taken by the Weavers Coop. Societies concerned and they should be prompt in payment of interest at regular intervals, as charged by the APCOB / DCCBs.

d) The reimbursable interest subsidy is that portion which is in excess of 3% per annum subject to a maximum reimbursement of 9.5% per annum.

e) This subsidy shall not include penal interest, liquidated damages etc payable to the banks.

f) The claims shall be supported by Bank certificate and Auditor's certificate and recommended by the Assistant Director (H&T) concerned.

g) The loan accounts that are classified as non-performing assets in the books of the bank as at the close of previous financial year are ineligible.

h) Weavers Co-operative Societies shall observe financial discipline.

i) Audit should be regular and there shall not be any arrear in Audit as per NABARD norms.

j) The societies shall fulfill remittance and sales norms of NABARD.

9. The Director of Handlooms and Textiles and Development Commissioner for Apparel Export Parks, Andhra Pradesh Hyderabad shall ensure that only genuine Co-operative Societies which are functioning shall be admitted under the scheme.

10. The "Pavala Vaddi Scheme" to Handloom Weavers Co-operative Societies shall be monitored as follows:-

(a) The District Level Committee shall be constituted with the following:

District Collector	--	Chairman
DCO / GM, DCCB	--	Members
Assistant Director (H&T)	--	Member Convener

- (b) The societies shall furnish Audited Statements along with claim forms for sanction of interest subsidy on reimbursement basis, which will be cross checked from the DCCB / APCOB / Commercial Banks.
- (c) The Assistant Director (H&T) shall scrutinize the claims and place before the Committee for approval and release of funds.
- (d) The Committee shall examine sanction and release the funds to the societies as per the eligibility on prorata basis i.e., based upon the availability of the funds.
- (e) Government shall release the funds on quarterly basis to the Director of Handlooms & Textiles based on the cash credit sanctions to the societies pertaining to the districts and requirements furnished by Assistant Directors (H&T). The Assistant Director (H&T) shall draw the funds in respect of the district concerned and make payments as per the recommendations of the District Level Committee from out of funds allocated by the Director, Handlooms & Textiles, Hyderabad.
- (f) As regard APCO Government shall reimburse the interest subsidy as recommended by the Director of Handlooms and Textiles and Development Commissioner for Apparel Export Parks, Andhra Pradesh Hyderabad. based on the certification issued by APCOB.

11. The expenditure on account of "Pavala Vaddi" Scheme to Handloom Weavers Co-operative Societies shall be debited to Head of Account M.H. - 2851 - Village and Small Industries - M.H. 103 - Handloom Industries - G.H. - 11 - Normal State Plan - SH - (07) - Interest Subsidy / Rebate scheme, 310/312 Other Grants-in-aid.

12. This order issues with the concurrence of Finance (Exp.I&C) Department vide their U.O. No.2135/149/ Exp.I&C/08, dated 11-3-2008.

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

Y.SRILAKSHMI,  
SECRETARY TO GOVERNMENT.

To  
The Director of Handlooms and Textiles and Development  
Commissioner for Apparel Export Parks, Andhra Pradesh Hyderabad..  
The Accountant General, Andhra Pradesh, Hyderabad  
The Pay and Accounts Officer, A.P., Hyderabad  
The Director of Treasuries and Accounts, Andhra Pradesh, Hyderabad  
The Finance (Exp.I&C)/B.G. Department

Copy to:-

The General Administration (Cabinet) Department  
The P.S., to Addl. Secy to C.M.,  
The P.S to Chief Secretary to Government.  
The P.S to Minister for Finance  
The P.S to Minister for Handlooms and Textiles  
The Vice-Chairman and Managing Director, APCO, Hyderabad.  
The Planning Department.  
The Agriculture and Co-operation Department  
The Managing Director,  
APCOB., Hyderabad.  
The Chief General Manager,  
NABARD., Hyderabad.  
The All District Collectors concerned.  
The P.S to Secretary to Government,  
Industries and Commerce Department

// FORWARDED BY: ORDER//

*[Signature]*  
SECTION OFFICER