

## APPENDIX III

### PROCEDURE OF SELECTION, SANCTION AND DISBURSAL OF LOAN APPLICATIONS

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The Village Level Workers (VLWs) under the guidance of Block Development Officers conduct household surveys for identifying the beneficiaries. With the aid of impressionistic surveys and after giving due consideration to the targets laid down in the primary, tertiary and secondary sectors the beneficiaries are identified for financial/assistance under the best activity suited to them. The Banks also associate themselves in the process of identification.

The applications of the identified beneficiaries after scrutiny are submitted through the Block Development Offices (BDOs) to the District Rural Development Agency (DRDA). These applications alongwith the required documents as the number due and revenue certificates are then submitted to the designated banks.

When the proposals are submitted by the DRDAs to the branch, the branches scrutinize the applications and ascertain their economic viability and technical feasibility. Based on these tests, loan applications are either sanctioned or rejected. In case of sanction, intimations are sent to the DRDA's and the loan amount is duly disbursed. However, in case of rejection, the applications are sent back for further confirmation and completion.

Financial assistance under the programme is provided in two components mainly loan and subsidy. The bank loans generally form two-third part of the financial assistance while subsidy forms one third part. However, the subsidy component may vary between different categories of Beneficiary Households (BHs).

**Terms and Conditions :**

No margin money or security is required for availing financial assistance under IRDP, as the asset created itself serves as a security. The rate of interest for IRDP beneficiaries is 10 per cent and beneficiaries covered under the DRI Scheme are charged 4 per cent. The repayment period and the installments are decided on the basis of the nature of investment and income generated however, it does not extend 5 years in normal cases and 7 years in exceptional cases.

**Refinance from NABARD**

The National Bank for Agriculture and Rural Development (NABARD) serves as a refinancing agency for the banks that grant credit to the IRDP borrowers. However, for availing refinance the banks are supposed to fulfill certain terms and conditions laid down by the NABARD such as loan application, data together with a statement of disbursement, the repayment schedule fixed for the borrowers and refinance indicated along with the drawl application and the details of the overdue's of the bank branches.