

SPECIAL EMPLOYMENT GENERATION PROGRAMME FOR UNEMPLOYED YOUTHS IN MANIPUR – REVISED GUIDELINES.

1. Introduction :

The high rate of growth of unemployment in the State is the most immediate and critical problem faced by the State. The number of persons, especially educated youths, on the live registers of the Employment Exchanges has been growing at an alarming rate and has crossed 4.50 lakhs in June, 2004 against the State's population of 21.67 lakhs of 2001 Census. Unemployment is considered to be the root cause of all social tension, secessionism and has become the breeding ground for more than two dozen militant groups operating in the State.

Till the 1990's the Government has been the major employer. However, in November 1999 the State Government banned direct recruitment in view of the serious financial constraints faced by the State which was also extended to Public Sector Undertakings. Further, in pursuance to the Memorandum of Understanding (MoU) signed between the State Government and the Ministry of Finance, Govt. of India in June, 2002, the State Government implemented the policy for right sizing of the Government and took measures for abolition of more than 14,000 posts. While these measures are expected to reduce expenditure of the State exchequer, they have affected the employment opportunities adversely especially among the educated youths. The Government sector which was the main source of recruitment in the organized sector will remain largely closed in the near future and as there is no major or medium industry in the State to provide employment to the growing number of educated youths, their number is expected to increase unless employment and self-employment opportunities are created.

The State lacks in basic infrastructure such as power, road connectivity, communication etc. The geographical distance limits its integration with the Indian market. For all these factors, the manufacturing sector remains dormant. Agriculture sector continues to be the mainstay but there is limitation on this sector's ability to create employment opportunities especially for the educated youths and the potential seem to be in the services sector.

To address the problem of unemployment a Special Employment Generation Programme (SEGP) for educated and uneducated unemployed youths has been formulated.

2. Objectives of the SEGP:

The main objective of the programme is to provide self-employment and employment opportunities to the youths of Manipur, both educated and uneducated, falling in the age group of 20 to 45 years. They should not have availed financial assistance under any other Government scheme and as such 'No Due/No Benefit certificate' from i) DIC (for the schemes PMRY/SEEUY), ii) KVIB, iii) MANIDCO and iv) MTDC (Only for tribal applicants) would be required to be eligible under this programme. Everything being equal, preferences will be given to women, disabled, educated youths, married persons and those above the age of 35 years.

3. Nature of the SEGP:

Under the programme loan at low rates of interest will be made available to youths, both educated and uneducated according to their preference which falls within the parameters of the financing pattern. The loans will be disbursed through the cooperative banks where the State Government has equity participation. Loans will also be disbursed through commercial banks who shall lend to the youths as per the guidelines of the SEGP and the subsidized portion of the interest will be passed on to the commercial banks.

4. Nature of Schemes and Eligible activities :

There shall be a wide range of economic activities so that the beneficiaries may have a wide spectrum to choose a suitable scheme. This is aimed at ensuring that each beneficiary is assisted with a scheme and scale of finance which is best suited to him.

The Schemes to be implemented under this programme will, as far as possible, be aimed at creation of asset and generation of self-employment and employment opportunities. The schemes under the programme will essentially be based on Agriculture, Veterinary, Medical, Industries, Sericulture, Transport, Fisheries Trading/Business etc.

To enable mid-term corrections and modifications the schemes will be reviewed at least once every six months to ensure that unhealthy competition is not created and also to incorporate new viable schemes that are demanded.

5. Financing Pattern of the Scheme:

The pattern of financing of the scheme between the Bank and the beneficiary will be as below :

- (i) 95 : 5 ; if the cost of the Scheme is upto Rs.2.00 lakh.
- (ii) 90 : 10; if the cost of the Scheme is above Rs.2.00 lakhs but not more than Rs.5.00 lakhs.
- (iii) 85 : 15; if the cost of the Scheme is above Rs.5.00 lakhs but not more than Rs.8.00 lakhs.

The maximum ceiling of loan admissible under the Scheme will be Rs.5.00 lakhs per loanee. However, in respect of purchase of truck, the upper limit of scheme cost will be Rs. 8.00 lakhs per loan.

For coverage of more unemployed persons, preference to schemes of lower cost shall be given by the bank.

6. Rates of interest :

The maximum rates of interest to be charged by the banks from the loanees shall be at low concessional rates as below:

Sl. No.	Loans	Rates of interest p.a.
1	Upto Rs. 2.00 lakhs	4.00 %
2	Above Rs. 2.00 lakhs but not exceeding than Rs. 5 lakhs	5.00 %
3	Above Rs. 5.00 lakhs but not exceeding Rs. 8 lakhs	7.00 %

There shall be penal interest of 4% against outstanding repayments.

The rates of interest for loan to be charged by the State Government from the State cooperative banks shall be 1% of the loan amount.

The terms and conditions on which the loan will be extended to the implementing agencies, other than the rate of interest (which will be determined by the Cabinet) will be formulated by the Finance Department.

Interest subsidy to be paid to the commercial banks shall be the difference of the rate of interest under SEGP and the PLR.

7. Area of coverage:

The Scheme will be implemented in the entire State. It will cover all the 9 districts of Manipur viz., Imphal East, Imphal West, Bishnupur, Thoubal, Chandel, Churachandpur, Ukhrul, Senapati and Tamenglong. For covering all the districts the banks shall make efforts to open branches wherever required.

8. Implementation Agency:

The implementation Agency for the “Special Employment Generation Programme” shall be the Manipur State Co-operative Bank Ltd. (MSCB). The authorized share capital of MSCB will be raised to accommodate injection of additional share capital, if necessary.

Other banks/Financial Institutions partially owned by the State Government who are desirous of participating in the implementation of the SEGP may participate by proving their financial soundness, managerial capability and their coverage potential by providing the required information to the Co-operation/TD/OBC Department concerned who shall recommend to the Planning Department for placing it before the State Level Committee for their recommendations.

The commercial banks may participate in the efforts of the State Government to provide self-employment and employment opportunities to the youths of Manipur. The willing commercial banks shall be allocated targets for sanction of loans as per the approved parameters of the SEGP and interest subsidy for the loan sanctioned and disbursed by them shall be transferred to them.

All the Implementation agencies will follow uniform norms of financing with regard to the scale of finance, rates of interests etc. which are approved by the Government.

A monthly progress report on implementation of works under the scheme shall be submitted to the Director (Planning) within 15 days of the following month by the implementing banks.

9. Organisational set up :

(i) There shall be a “State Level Committee for Special Employment Generation Programme” under the Chairmanship of the Chief Secretary for looking into all aspects including planning, implementation, monitoring and evaluation of the Scheme including the extension of the SEGP. The composition of the Committee shall include the Secretaries of the Departments of Finance, Planning, other line Departments, representatives from the banking community and other professionals, etc. as notified by the State Government. The Committee will be serviced by the State Planning Department.

The State Government shall issue guidelines for the implementation of the SEGP Scheme. It shall also fix district-wise fund and loan targets, sectoral allocations etc. to the implementing agencies based on the recommendations of the State Level Committee. The State Level Committee shall consider the list of recommended candidates forwarded by the MSCB and other participating banks and recommend to the government for approval which shall be conveyed by the Planning Department

The State Level Committee will review the progress of implementation at least on a quarterly basis and make alterations in respect of any parameters of the programme as may be deemed necessary to smoothen and streamline implementation.

It shall be the function of the State Level Committee to recommend the engagement of independent agency to evaluate the SEGP programme.

(ii) In the districts, a District Level Committee will be set up known as the “District Level Committee for Special Employment Generation Programme” with the Deputy

Commissioner as its Chairman. The composition of the Committee shall be the District level officers of the line Departments, representatives of banks, other professionals, representatives of bodies etc. as notified by the State Government. The Committee will be serviced by the District Planning Officer/SRO/RO.

The loan applications will be invited by the Deputy Commissioner concerned in the prescribed loan application form of the bank concerned according to the sectoral and district targets. After screening the all loan applications received within the stipulated period as to its eligibility and fulfillment of the parameters for loan given in the guidelines and the check list (Annexure-I) in the District Level Committee for Special Employment Generation Programme, the Deputy Commissioners shall forward the same to the MSCB and other assigned participating banks in batches. The MSCB and other assigned participating banks shall examine and scrutinize the technical aspects of the loan applications and other parameters required to be fulfilled as per banking norms recommended by the District Level Committee for each district and forward list of candidates/loan applications which fulfill all requirements for sanction of loan to the State Level Committee For Special Employment Generation Programme.

The Deputy Commissioner concerned or Officers nominated by him where the Scheme is to be implemented should inspect the schemes at least once in a quarter and review progress of implementation. If there is any complaint regarding sanction/release of the loan by the implementing agency, the matter may be brought to the notice of the Director (Planning) who will be the nodal officers for the implementation of the Special Employment Generation Programme.

10. Identification, Selection and sanction of loan:

The Deputy Commissioners shall invite applications in the prescribed loan application form of the bank concerned from interested unemployed persons as per the sectoral allocations, district-wise and month-wise targets. The screening of all loan applications received within the stipulated period shall be carried out by the District Level Committee for Special Employment Generation Programme as to its eligibility and fulfillment of the parameters for loan as per the guidelines and the check list and recommend and forward those loan applications fulfilling the various parameters of the guidelines to the MSCB and other assigned participating banks in batches.

The MSCB and other assigned participating banks shall examine and scrutinize the technical aspects and other parameters required to be fulfilled as per banking norms of the loan applications recommended by the District Level Committee of each district and forward those loan applications which fulfill all requirements for sanction of loan to the Planning Department.

The loan applications forwarded by the banks to the Planning Department shall be placed before the State Level Committee for SEGP constituted by the Government for this purpose. The Committee shall ensure that the sectoral allocations and district targets are maintained and shall thereafter make its recommendations. The Planning department shall obtain the approval of the Government on the recommendations of the State Level Committee and convey it to the banks for sanction of loans based on technical soundness, viability, documentation etc. The Committee shall meet as frequently as required to clear proposals.

11. Nature of State Government's financial support to Implementation Agencies:

The State Government shall provide the required resources to meet the loan component for implementation of the Scheme to the Implementation Agencies. It will adopt a flexible approach and funds will be provided to the banks/Financial Institutions in the form of equity or loan or both keeping in mind their specific exigencies. In the case of MSCB, fund will be provided in the form of equity contribution as well as loan.

The Planning Department shall maintain a corpus of fund to recycle the repayments made by the Implementation Agencies by issuing of fresh loans to the banks for covering more unemployed persons. To facilitate such arrangement, P L Account will be opened for deposit of the repayments.

The Co-operation Department will be responsible for administering the equity portion of the Scheme and the loan portion will be the responsibility of the Planning Department.

12. Admissible activities and unit costs:

The schemes that are formulated by the Government Departments shall be placed before a committee consisting of banks and the department concerned. Review of the schemes shall be only with the approval of the State Level Committee constituted for the implementation of the SEGP. The details of the different approved activities/schemes under various sectors along with their respective scale of financing will be brought out separately.

13. Limitations imposed on the Implementation Agencies:

For participation in the SEGP, the Implementation Agencies are required to accept the interest rates as well as the approved Schemes. The Boards of Directors/Administrators of the concerned banks/agencies will have no jurisdiction to change the rates of interests or the unit costs prescribed under the Scheme under any circumstance. In case there is any genuine reason for any alteration, they may make the necessary recommendation for consideration of the State Government whose decision shall be final.

14. Nomination on the Board of Directors/Administrators of the Implementation Agencies:

The State Government accords special importance to the scope of the programme and is keen to ensure that it is implemented most efficaciously. Keeping also in view the quantum of resources involved, the State Government shall have the power to nominate/induct Government representatives on the Board of Directors/Administrators of the Implementation Agencies to participate on the Board of the banks, and monitor and supervise proper implementation of the programme.

The banks/Financial Institutions shall be directed to incorporate the legal provisions, if required, in their appropriate bye-laws/legal documents to the effect that the decisions of the Board on all financial matters shall not be valid, in regard to SEGP, unless the Government Director on the Board is present and his view reflected appropriately. The Co-operation Department will ensure compliance in respect of MSCB, etc. in consultation with the Law Department.

15. Amendment of Act, Rules and Bye-laws of Implementation Agencies:

The State Government will exercise the right to move through appropriate channels and effect amendments to any of the Acts, Rules and Bye-laws etc. pertaining to any of the Implementation Agencies, if in the opinion of the State Government, it is considered that such an amendment will help in a more efficacious implementation of the Scheme.

16. Tenure of the Chief Executive Officers (C.E.O.) of the Implementation Agencies:

In view of the importance of the Scheme it is desired that there is stability in the tenure of the CEOs of the Implementation Agencies in respect of the State cooperatives banks and State financial institutions. The Department of Personnel shall ensure that the incumbent is not changed as a matter of routine but only on the ground of serious charges related to the functioning of the bank and the SEPG during the period of the Scheme which is a minimum period of five years.

17. Method of Implementation :

The Scheme will be implemented over a period of 7 (seven) years initially involving about 22,000 persons and a sum of Rs.220 crores. The targets from the 4th year onwards are fixed on estimated receipts. The phasing of flow of funds and targets are detailed below :

Sl. No.	Year	Provision of fund (Rs. in crore)	Target (No. of beneficiaries)
1	1 st Year	30.00	3,000
2	2 nd year	70.00	7,000
3	3 rd year	50.00	5,000
4	4 th year	10.00	1,000
5	5 th year	15.00	1,500
6	6 th year	20.00	2,000
7	7 th year	25.00	2,500
Total :		220.00	22,000

The State Government will infuse financial assistance to the extent of the above annual phasing of funds to the Implementing Agencies to achieve the targets. The selected beneficiaries will be required to deposit the promoter's contribution as required in the Scheme with the concerned Implementing Agencies. The Implementing Agencies in turn will make full payment for purchase of assets as per the choice of the beneficiary directly to the dealer/supplier/company in favour of the beneficiaries to the extent feasible. For establishment of farms, payment may be made to the individual in suitable instalments. For farms, ponds/ring bunds/sheds etc. to be constructed, the loan amount shall be a part of the total cost. The investment made on such items may be considered as part of the beneficiary's contribution.

18. Repayment of loan and Moratorium Period:

All loans extended under the scheme are treated as term loans and the repayment of loans will be made by the beneficiaries over a period of 1 – 7 years depending upon the purpose and size of the limit as indicated below :-

- I. For small economic activities - Repayment within 2 years
 - II. For Industry/Traders/Business - Repayable within 5 years
 - II. For Transport/Fisheries/Veterinary/
Sericulture/Agriculture/Medical - Repayable within 7 years
- i) All loans advanced under Industry/Transport/Medical/Agriculture will be repayable in quarterly instalments with a moratorium period of 6 months.
 - ii) Loans under small economic activities/Trading/Business shall be repayable in monthly instalments with 3 months moratorium period.
 - iii) Loans under Fisheries/Veterinary/Sericulture shall be repayable in half yearly instalments with a moratorium of 12 months.

19. Collateral/Security Norms:

- (a). For loan amount upto Rs. 1.00 lakh:

The loan applicant's own landed property, value of which shall be more than 20% of the loan amount, to be mortgaged in favour of the bank;

Or,

One Government employee irrespective of grade of service shall be required to stand guarantee;

Or,

Liquid security (s) of the loan applicant or of any other person (s) in the form (s) of National Savings Certificate, Indira Vikas Patra, Kisan Vikas Patra, Fixed Deposit of MSCB whose total face value shall not be less than the loan amount and Life Insurance Corporation (LIC) policy whose surrendered value shall not be less than the loan amount to be lodged/pledged to the bank with an assignment of lien;

Or,

One credit worthy person whose landed property (s), value of which shall be more than 20% of the loan amount to be mortgaged in favour of the bank.

(b). For loan amount above Rs. 1.00 lakh and upto Rs. 2.00 lakhs:

(i) the loan applicant's own landed property, value of which shall be more than 20% of the loan amount, to be mortgaged in favour of the bank;

And,

(ii) One Government employee not below the level of grade-III shall be required to stand guarantee;

Or,

Liquid security (s) of the loan applicant or of any other person (s) in the form (s) of National Savings Certificate, Indira Vikas Patra, Kisan Vikas Patra, Fixed Deposit of MSCB whose total face value shall not be less than the loan amount and Life Insurance Corporation (LIC) policy whose surrendered value shall not be less than the loan amount to be lodged/pledged to the bank with an assignment of lien;

Or,

One credit worthy person whose landed property (s), value of which shall be more than 20% of the loan amount to be mortgaged in favour of the bank.

(c) For loan amount above Rs. 2.00 lakh and upto Rs. 5.00 lakhs;

(i) the loan applicant's own landed property, value of which shall be more than 20% of the loan amount, to be mortgaged in favour of the bank;

And,

(ii) One Government employee not below the level of grade-III shall be required to stand guarantee;

Or,

Liquid security (s) of the loan applicant or of any other person (s) in the form (s) of National Savings Certificate, Indira Vikas Patra, Kisan Vikas Patra, Fixed Deposit of MSCB whose total face value shall not be less than the loan amount and Life Insurance Corporation (LIC) policy whose surrendered value shall not be less than the loan amount to be lodged/pledged to the bank with an assignment of lien;

Or,

One credit worthy person whose landed property (s), value of which shall be more than 20% of the loan amount to be mortgaged in favour of the bank.

(d) For loan amount above Rs. 5.00 lakh and upto Rs. 8.00 lakhs:

(i) The loan applicant's own landed property, value of which shall be more than 20% of the loan amount, to be mortgaged in favour of the bank;

And,

(ii) Two Government employees not below the level of grade-III shall be required to stand guarantee;

Or,

Liquid security (s) of the loan applicant or of any other person (s) in the form (s) of National Savings Certificate, Indira Vikas Patra, Kisan Vikas Patra, Fixed Deposit of MSCB whose total face value shall not be less than the loan amount and Life Insurance Corporation (LIC) policy whose surrendered value shall not be less than the loan amount to be lodged/pledged to the bank with an assignment of lien;

Or,

One credit worthy person whose landed property (s), value of which shall be more than 20% of the loan amount to be mortgaged in favour of the bank.

Explanation:

1. A Government employee means a regular employee, having a minimum of 2 years service more than the operative period for loan repayment, of the State Government or autonomous bodies of the State Government namely, District Councils, Manipur Police Housing Corporation, Board of Secondary Education of Manipur, Council of Higher Education of Manipur, Manipur Development Society, Loktak Development

Authority, Manipur State Co-operative Bank and other State Government societies/organizations/PSUs to be notified by the State Government from time to time including any other central government agencies whose employees are not transferable outside the State executing an undertaking to the State Government to abide by the terms and conditions of the loan in regard to making deductions from the monthly salaries of their employees standing as guarantors for SEGP loan.

2. Credit worthy persons means a person who can offer his/her own landed property as security to be mortgaged in favour of the bank on behalf of the loan applicant value of which shall be more than 20% of the loan amount to be mortgaged in favour of the bank.

3. In respect of landed property (s) in the Hill areas in the State where the MLR&LR Act have not yet been introduced, the Certificate of Landed Property in non-judicial stamp paper of appropriate value issued by the duly recognised Chairman of the concerned Village Authority who has been notified by the Deputy Commissioner with the approval of the Hills department and after proper verification by the Deputy Commissioner of the District and duly countersigned by him shall be accepted as Collateral Security(s) in respect of loans issued under the present programme along with a deed mortgaging the property to the bank. However, the bank shall give preference to applicants who are able to offer collateral security which is covered by the MLR&LR Act or guarantors or other forms of securities of adequate value covering the loan amount.

20. Insurance:

The Implementation Agency will ensure at their level that insurance norms of the banks are complied with at the time of disbursement of the loans, wherever necessary.

21. Mode of Payment/Disbursement:

The amount of the loan shall be paid to the beneficiary directly or to the supplier/company, as the case may be, on the execution of the necessary bonds/documents etc. But, no portion of the loan shall be given/disbursed before it is actually required for expenditure.

22. Corpus of fund:

During the first year of implementation of the Scheme, the Planning Department will open a PL account for creating a corpus of fund from repayments received from the bank for ploughing back to generate more employment opportunities. This will continue for seven years and beyond as per the decision of the Government.

23. Workshop:

i) The Planning Department in association with the MSCB Ltd. which is the apex bank will organise training for all the Implementation Agencies so that there will be proper understanding of the spirit of the Scheme as well as equip them with the procedures that are to be complied with.

ii) Further the Planning Department will liaise with the line Departments as well as the various training institutions, such as, Institute of Co-operative Management and other professional agencies such as NABARD, SIDBI etc.

24. Training:

i) It shall be part of the responsibility of the implementing agency for imparting training at their own expense to the prospective loanees in their respective trades before loan and asset is disbursed to them.

iii) The training module shall normally not be more than a week.

iv) Training to be arranged under the scheme shall be a precondition for eligibility for applying loan under the scheme.

v) The State Government will provide budgetary support for the cost of the training in the various Departments/ Institutions /Agencies. If necessary, arrangement for outsourcing will be made.

25. Extension Support by concerned Departments:

A holistic approach involving all aspects of the State machinery will be required for the successful implementation of the scheme. Therefore, all functionaries of the various Departments will extend every conceivable assistance by way of extension support, ensuring feedback for improvement in the quality of lending, updating of the shelf of projects, recovery of loan etc.

26. Interpretation:

In case any doubt or conflict of interpretation arises in any of the provisions of the present Scheme, the interpretation of the State Planning Department will be final.

27. Evaluation:

The present Scheme being the most ambitious employment generation Scheme conceived and launched by the State Government is required to be evaluated for its efficacy and for modifications and improvements during the course of its implementation and for emulation of its salient features in such other schemes in the future. Evaluation should include the impact of the Scheme on employment and income generation of the beneficiaries, creation of productive assets, contribution to GSDP etc. An objective assessment and social audit can more aptly be conducted by independent scholars/specialized agencies/NGOs. The State level SEGP Committee will, therefore, consider engaging independent bodies for undertaking the exercise at intervals it may deem appropriate.
