No: K-12015(25)/1/2017-UPA-I-UD (EFS: 9031102)
Government of India
M/o Housing and Urban Affairs (UPA Division)

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Room No.215-B, Nirman Bhawan
New Delhi,
Dated the 17th of January, 2018

To,

The Mission Directors
State Urban livelihoods Mission
All States/UTs

Subject: Signing of MoU with Allahabad Bank for design and development of national web portal for interest subvention

You are aware that under the Self-Employment Programme (SEP) component of Deendayal Antyodaya Yojana -National Urban Livelihoods Mission (DAY-NULM), interest subvention is granted to individuals/groups/SHGs of urban poor on timely repayment of installments with respect to the loans taken for setting up micro-enterprises/consumption purposes.

2. In order to streamline the release of interest subsidy by banks to urban poor, facilitate proper monitoring and timely credit of interest subsidy directly to the beneficiary’s account, the Ministry has signed a Memorandum of Understanding (MoU) with Allahabad Bank on January 9, 2018 for design and development of an interest subvention portal. A copy of the MoU is enclosed for reference.

3. As per the envisaged process flow, claims will be uploaded on the portal by Central/Zonal HQ of banks for the bank branches in their jurisdiction. The concerned States/ULBs will verify the beneficiaries against whom claims have been uploaded, after which the claim amount will be transferred to the beneficiary through Direct Beneficiary Transfer (DBT) mode. SMS will be sent to the beneficiary informing him about the transfer of subsidy. The verification by State/ULB will be done only once when a new beneficiary is added. The banks will be required to submit Statutory Auditors’ Certificate within first quarter of the next financial year.

4. Allahabad bank will charge a service fee of 1.05% of the subsidy amount released, which will be deducted from the bank account of the State maintained with Allahabad bank. In addition, applicable charges of National Payments Corporation of India (NPCI) for account transfer and SMS charges will be deducted at the time of transaction.
5. The portal is targeted to be operational by March end. The design requirements will be frozen latest by January 31, 2018. States are requested to peruse the MoU and hold consultations with cities, banks and other stakeholders involved in the process. Any suggestions regarding design, process flow and other aspects of the portal are welcome and may be e-mailed at dupa-mhupa@gov.in.

Yours faithfully,

(Archana Mittal)
Director (NULM-I)
Tele # 2306 2127

Copy to/-
Shri Anurag Deep, AGM, Allahabad Bank, 2, Netaji Subhash Marg, Kolkata-700001
MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MoU) is executed at New Delhi on this 9th day of January 2018.

BETWEEN

Ministry of Housing and Urban Affairs, Government of India, having its office at “Nirman Bhavan, New Delhi, 110011”, (hereinafter referred to as “MoHUA”) which expression shall, unless it be repugnant to the subject or context thereof, mean and include its successors, affiliates and assigns) of the ONE PART

AND

Allahabad Bank, a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970 having its Head office at 2, Netaji Subhash Road, Kolkata (hereinafter referred to as ‘the Bank / Allahabad Bank’ which term shall include its successors and assigns) of the OTHER PART.

MoHUA and Allahabad Bank are hereinafter individually referred to herein as a ‘Party’ and collectively as ‘Parties’

1. Background

   a. MoHUA through its Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM), under the Self Employment Programme (SEP) component of the Scheme provides financial assistance to individuals/groups of urban poor for setting up gainful self-employment ventures/ micro-enterprises.

   b. Enterprises financed under DAY-NULM by the Banks are eligible for interest subvention to avail credit up to Rs.2 lakhs for individuals and Rs 10 lakhs for SHGs / group loans at 7% per annum.

   c. Banks can lend to enterprises under DAY-NULM as per their prevailing rate of interest

   d. The beneficiary is subvented to the extent of difference between the rate of interest charged by the Bank and 7% rate of interest.

   e. Further, the Women SHGs are provided with an additional 3% subvention on prompt repayment of loan provided they satisfy the following conditions as specified by the RBI:
### For Cash Credit Limit
- Outstanding balance shall not have been remained in excess of the limit/drawing power continuously for more than 30 days.
- There should be regular credit and debits in the accounts. In any case there shall be at least one customer induced credit during a month.
- Customer induced credit should be sufficient to cover the interest debited during the month.

### For Term Loans
- A term loan account where all of the interest payments and / or instalments of principal were paid within 30 days of the due date during the tenure of the loan, would be considered as an account having prompt payment.

**f.** The prompt payment guidelines will continue to be guided by the RBI guidelines on the subject in future.

**g.** The subvention will be paid monthly to the beneficiary.

**h.** Banks will have to provide certification with respect to loan accounts eligible for interest subsidy as per the DAY-NULM criteria.

**i.** Claim should be accompanied by Statutory Auditors’ Certificate certifying the claims for subvention for the entire year, which should be submitted with the claim for the last quarter.

### 2. Purpose

Whereas the parties are desirous of executing this Memorandum of Understanding [MOU] with a view to record the terms and conditions mutually agreed between the parties;

**a.** MoHUA needed an implementing agency which could host a server and develop a web portal that will provide a centralized platform for processing of interest subsidy to eligible beneficiaries under the scheme.
b. The Bank has offered to MoHUA to provide a portal and to operate a current account for managing its Interest Subvention payment, payable by state governments for all the participating banks.

c. Allahabad Bank will transfer the subsidy directly to the bank account of the Aadhaar-authenticated beneficiary by using the data available on the web portal, based on authorization received from state governments.

d. The Parties wish to enter into this MoU to set out the general terms and conditions under which Allahabad Bank will maintain the portal on behalf of the MoHUA and will provide electronic payments services to state governments. The Parties hereto have agreed that their respective rights and obligations with regard to their business relationship between them inter se will be interpreted, acted upon and governed solely in accordance with the terms and conditions of this MoU.

NOW IN CONSIDERATION OF THE MUTUAL COVENANTS AND UNDERTAKINGS HEREIN AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HEREBY AGREE AS FOLLOWS:

3. DEFINITIONS:

Participating Banks: All Scheduled Commercial Banks, All State Cooperative Banks, Regional Rural Banks and any other Bank as recognized by the MoHUA for the purpose of the scheme.

4. WEB PORTAL FUNCTIONALITY & PROCESS

a. Allahabad Bank will design and develop the web portal in consultation with the Ministry based on the Timelines and Milestones as given in Annex.

b. Allahabad Bank under the direction of the Ministry, will open and maintain a dedicated current account for each state government which will be used for maintaining advance funds for interest subvention released by the state. This amount will be equivalent to expected average amount of monthly interest subvention under DAY-NULM. This amount will be reviewed quarterly.
c. The portal will have the functionality for lodging claim by the participating banks for reimbursement of amount towards Interest Subvention to the beneficiary.

d. The portal will be compatible with the Public Financial Management System portal (PFMS) through which Direct Benefit Transfer (DBT) of interest subsidy will be made to the Aadhar authenticated beneficiaries' accounts. The portal thus should be able to prepare beneficiary files as per prescribed parameters/format provided by Public Financial Management System (PFMS).

e. Access will be given to all the Member banks, Ministry and government officials at central, state and Urban local bodies (ULB).

f. The portal will be accessible at all times for member banks for creating and maintaining list of master data of accounts in which claim will be lodged later. The uploaded master data has to be authorized by the user with role of Authorizer. The data will be enabled only after the successful authorization.

g. Member banks can upload claims pertaining to borrowers only for which master data is uploaded. Each record will contain a fixed number of fields having relevant information about the claim under any of three components of SEP. The uploaded claim file will be authorized by a user with role of Authorizer. The claim data will be enabled only after authorization.

h. The Member banks will transfer all DAY-NULM live loan accounts data via File Transfer Protocol (FTP) through Core Banking System (CBS) on the web portal

i. Sample file upload formats will be available as downloadable links to assist member banks for creating upload files.

j. The portal will provide a tool for banks for calculating interest subsidy.

k. The data submitted by the banks will be confirmed by banks for its veracity and accuracy. The auditor's certificate on the claims submitted will be uploaded on the portal annually at the end of the year to be accompanied with the claim for the last quarter.

l. ULB / state officials will verify correctness of the claims pertaining to their respective states / ULBs and approve/reject the claims. Once the records are marked as finalized, no further changes will be allowed by any member bank.

m. ULB/State will then deposit the approved amount with Allahabad Bank for onward payment to respective beneficiaries approved by them through the PFMS.
n. The Bank will transfer the amount of subsidy in beneficiary account directly using digital platform supported by NPCI/RBI/PFMS. This activity shall be performed state-wise, by the Bank on a monthly basis on a pre-defined date(s).

o. The web portal will be compatible with the Aadhaar Payment Bridge System (APBS) of National Automated Clearing House (NACH) being implemented by National Payments Corporation of India (NPCI).

p. For every DBT to a beneficiary, SMS intimation will be sent to the registered mobile number of the beneficiary with the concerned bank account by Allahabad Bank. Bulk SMS charges will be applicable at the rates provided in advance by Allahabad Bank. The SMS charges will be deducted from the concerned bank account of the respective state.

q. All failed transactions on account of invalid account number, account closed or any other failure reason, shall be up-loaded on the web-portal for consumption of related stake-holder(s).

r. Bank will provide subsidy flow status dash-board to the Ministry for monitoring purpose.

s. Allahabad Bank will provide MIS report relevant for each user group namely, Ministry, state government, ULB and Banks for easy monitoring and reconciliation. The MIS reports will be customized from time to time.

5. OBLIGATION OF THE PARTIES:

a. Allahabad Bank will develop and commission the proposed portal within two months of signing of this MoU.

b. The design and development of web portal will follow the Timelines and Milestones as attached in Annexure.

c. Allahabad Bank would engage with the Office of MoHUA – DAY-NULM on a concurrent basis during the development of the portal, inter-alia, including through the process of trials and iterations.

d. Allahabad Bank will set up a dedicated management cell located at Delhi for smooth operations of the scheme and to act as an interface with the Ministry or on matters connected therewith.

e. Allahabad Bank will carry out necessary modification / recalibration in the portal based on real time necessities and requirements as well as upgradation in the NPCI or other external system even after development and modification of the online portal.
f. The Participating Member Banks shall be solely responsible for the eligibility and correctness of the claim lodged by their branches for reimbursement of amount towards Interest Subvention.

g. The effective date from which claims which will be eligible for subvention through the portal will be decided in consultation with the Ministry and Allahabad Bank, once the portal is ready.

h. Allahabad Bank will submit reports containing details of all claims received, debit/credit transactions done on the portal as well as in dedicated account maintained for this purpose on monthly basis on the formats agreed between the parties.

i. Allahabad Bank may display the following clauses on its Portal.
   1. Terms & Conditions
   2. Privacy Policy
   3. List of products/services offered and their pricing
   4. Contact Us

j. The Ministry will undertake necessary coordination and support with the state governments and Member Banks.

6. DATA SECURITY

The Parties will mutually work for implementing the mechanism for secured data transmission and will abide by the relevant security standards, regulations, requirements, guidelines which would be applicable to the conduct of transactions contemplated under this MoU, including, without limitation:

i. Regulatory provisions as may be applicable from time to time.

ii. Security measures and resultant hardware/software upgrades to comply with the Payment Mechanism and services provided by the Bank.

iii. Maintenance, protection, confidentiality and such other requirements with respect to transaction data as may be imposed by any regulatory or standards authority, as applicable, and any modifications to or replacements of such programs that may occur from time to time.

iv. The Parties will take all precautions as may be feasible to ensure that there is no breach of security and integrity of the link between portal and the Bank’s systems is maintained at all times.
7. **INDEMNITY**

MoHUA shall, at its own expense, indemnify, defend and hold the Bank and/or its officers, directors, employees, representatives, agents respective directors, and assigns harmless from and against any and all liability (including but not limited to liabilities, judgments, proceedings, damages, losses, penalties, claims) any other loss that may occur, howsoever arising directly or indirectly as a result of:

a. any breach or non-performance by MoHUA of any of their undertaking, warranty or obligation under this MoU or

b. any act, neglect, or default of MoHUA, or its agent, employees or

c. any other claim by any other party against the Allahabad Bank in respect of providing services or performance of this MoU.

Allahabad Bank will, at its own expense, indemnify, defend and hold harmless MoHUA and its officers, employees, representative, agents and assigns from and against any and all liability (including but not limited to liabilities, judgments, proceedings, damages, losses, penalties, claims) and any other loss that may occur, howsoever arising directly or indirectly as a result of:

a. any breach or non-performance by Allahabad Bank of any of their undertaking, warranty or obligation under this MoU or

b. any act, neglect, or default of Allahabad Bank, or its agent, employees or

c. any other claim by any other party against MoHUA in respect of providing services or performance of this MoU.

8. **SERVICE CHARGES**

The Bank will be entitled for service charges from MoHUA @ 1.05% of interest subsidy amount reimbursed to the participating bank+ GST (applicable from time to time) for maintaining the portal. Service charges will be automatically deducted along with the payment to be made from the dedicated account maintained for this purpose.
9. REPRESENTATION AND WARRANTIES BY PARTIES

The Parties hereby undertake, affirm and agree that

a. they have full power and authority to enter into this MoU; to take any action and execute any documents required by the terms hereof;

b. this MoU, entered into has been duly authorized by all necessary authorization proceedings, has been duly and validly executed and delivered, and is a legal, valid, and binding on them;

c. the executants of this MoU are duly empowered and authorized to execute this MoU and to perform all its obligations in accordance with the terms herein.

10. CONFIDENTIALITY

a. The Parties acknowledge and agree that all tangible and intangible information obtained, developed or disclosed including all documents, data papers and statements and trade secret of either Party relating to its business practices and their competitive position in the market place provided to the other Party in connection with the performance of its obligations under this MoU shall be considered to be confidential and proprietary information ("Confidential Information").

b. The Confidential Information including all data, documents, papers and statements will be safeguarded and the Parties will take all the necessary action to protect it against misuse, loss, destruction, alterations or deletions thereof. In the event of a breach damages may not be an adequate remedy; therefore, the other Party shall be entitled to injunctive relief to restrain the party committing the breach, from any such breach, threatened or actual.

c. The Receiving Party shall not be liable for disclosure or use of any Confidential Information if the same is:

i. in or enters the public domain

ii. known to the Receiving Party at the time of first receipt, or thereafter becomes known to the Receiving Party prior to such disclosure without similar restrictions from a source other than the Disclosing Party, as evidenced by written records.
iii. disclosed pursuant to any law or order of any court or regulatory authority having jurisdiction over the receiving Party.

d. The Receiving Party for the purpose of this Clause would be the Party to whom any such Confidential Information, including all documents, data papers and statements etc., has been disclosed by the other Party.

11. FORCE MAJEURE

a. Notwithstanding anything contained in this MoU, the Parties shall not be liable for any failure to perform any of its obligations under this MoU if the performance is prevented, hindered or delayed by a Force Majeure event (defined below) and in such case its obligations shall be suspended for so long as the Force Majeure Event continues). Each Party shall promptly inform the other of the existence of a Force Majeure Event and shall consult together to find a mutually acceptable solution.

b. "Force Majeure Event" means any event due to any cause beyond the reasonable control of the Party, including, without limitation, unavailability of any communication system, sabotage, fire, flood, explosion, Act of God, civil commotion, strikes or industrial action of any kind, riots, insurrection, war, acts of government.

12. TERM AND TERMINATION

a. This MoU shall be in force for a period of Three (3) years from the date of execution of the MoU, subject to automatic renewal for successive terms of Three (3) years each unless either party gives the other party notice in writing of non-renewal at least one month prior to termination date.

b. The Parties shall be entitled to terminate this MoU without assigning any reason by giving 30 days notice.

c. The termination of this MoU shall be without prejudice to the accrued rights and obligations of the Parties and all such accrued rights and obligations shall remain in full force and effect and be enforceable not withstanding such expiry or termination.

d. Upon the termination or expiration of this MoU for any reason whatsoever, either party shall:

i. Immediately refrain from any action that would or may indicate any relationship between it and either party.
ii. Immediately cease to use in any manner whatsoever the trademarks, name of either party or its corporate logo in any future correspondence/ communications.

iii. Forthwith hand over to either party the possession of all documents, material and any other property belonging to either party that may be in the possession of the either party or any of its employees, agents or individuals assigned to perform the services under this MoU.

13. OTHER TERMS & CONDITIONS

a. It is agreed that both the parties will share an escalation matrix for (1) Technical support (2) Refunds (3) Risk (4) Accounts.

b. Allahabad Bank will make provisions for all time dedicated technical support during the currency of MoU and Helpline Telephone No. will be provided 24 x 7 Hrs. throughout the year.

c. Allahabad Bank will organize eight Trainings / Workshops for officials of central, state and local government and Banks on the usage of the web portal.

d. Allahabad Bank will provide a user manual and guide for the purpose along with a FAQ which will be revised or modified from time to time with respect to any changes made in the portal.

e. Unless otherwise provided herein, all notices or other communications under or in connection with this MoU shall be given in writing and may be sent by personal delivery or post or courier to the registered office address mentioned hereinabove in the MoU.

f. The invalidity or unenforceability of any provisions of this MoU in any jurisdiction shall not affect the validity, legality or enforceability of the remaining provisions of this MoU in such jurisdiction or the validity, legality or enforceability of this MoU, including any such provision, in any other jurisdiction, it being intended that all rights and obligations of the Parties hereunder shall be enforceable to the fullest extent permitted by law.

g. Neither Party may assign, in whole or in part, the benefits or obligations of this MoU to any other person without the prior written consent of the other Party.

h. In case of any dispute arising from or in connection with this MoU, the Parties will endeavor to settle the disputes amicably. In case the same is not resolved amicably, then such dispute shall be submitted to the Sole Arbitrator for arbitration which shall be conducted in
accordance with the Arbitration & Conciliation Act, 1996 and that the Arbitration proceedings will take place in Delhi. Without prejudice to the Arbitration set forth in this clause, this MoU shall be subject to the exclusive jurisdiction of the Courts in Delhi.

i. This MoU has been signed in duplicate, each of which shall be deemed to be an original.

j. Both the parties may make additions/deletions/modifications to the MoU for the successful implementation of the scheme, as and when required

We hereby agree, note and confirm that we shall abide by the above terms and conditions of the MoU.

For Allahabad Bank
(Authorized Signatory with Stamp)

(Ms. Usha Ananthasubramanian)
(Managing Director & CEO)
Allahabad Bank
Head Office, 2, Netaji Subhas Road
Kolkata- 700001

For MoHUA
(Authorized Signatory with Stamp)

(Shri Sanjay Kumar)
Joint Secretary and Mission Director
(DAY-NULM)
Ministry of Housing and Urban Affairs
Government of India, Nirman Bhawan
Maulana Azad Road, New Delhi-110011

Place : New Delhi
Date:

Witness 1:
(Name: ARCHANA MITHAL)
Address: 307 C, NIRMAN BHAWAN

Witness 2:
(Name: ANURAG DEE)
Address: Allahabad Bank, Head Office 2165 Road, Kolkata