



Ref.No.KSFC/HO/MD/156/2009-10

Date: 17.12.2009

CIRCULAR No.887

Sub: Interest Subsidy Scheme for SC/ST entrepreneurs

Ref: 1) Circular No.786 dated 30-03-2007

2) Circular No.868 dated 28-7-2009

Vide Circulars cited above, interest subsidy schemes of the Government of Karnataka for SC and ST entrepreneurs have been implemented. To review the implementation of the said schemes, the Social Welfare Department called for a meeting on 2-12-2009. In the said meeting the following points have been clarified:

- 1 The scheme should be made applicable only to first generation entrepreneurs. The entrepreneurs who have already got their industrial or commercial establishments / ventures will not qualify for the interest subsidy under the scheme.
- 2 The enterprise should be owned to the extent of 100% by schedule caste / schedule tribe entrepreneurs. Ownership by either in part by other entrepreneurs need not be considered under the scheme. But the entrepreneurs where the holdings are by the schedule caste / schedule tribe entrepreneurs together can be considered for subsidy. The scheme will be categorized either under schedule caste or schedule tribe, based on the maximum holdings by the partners / shareholders.
- 3 Cases where the schedule caste or schedule tribe promoters are married to non-SC/ST spouses, the interpretation will be based on the government guidelines and KSFC will obtain prior clearance from the Social Welfare Department in respect of each such proposal.

The EC in its meeting held on 15-12-2009 discussed this issue and has observed as under:

“The committee also took note that as regards the project cost, the State Government is reexamining the need for imposing a limit of Rs.100 to 200 lakhs on the project cost and also exploring the possibility of having a dual-slab system and that the government would advise KSFC in this regard. The EC noted that this is a scheme of the GoK which is operated through KSFC and therefore it is compulsory that KSFC meticulously follows the guidelines, norms and rules of the State Government in respect of the implementation of the scheme.

The committee also desired that KSFC should be guided by the instructions of the Social Welfare Department whenever there are issues and matters that need to be clarified. Importantly, the committee noted that all proposals where the project cost exceeds Rs.100 lakhs shall be cleared by the Social Welfare Department before the communication of sanction is issued under



this scheme. The projects that are approved as of now where the project cost exceeds Rs.100 lakhs should also be referred to the Social Welfare Department and government's prior approval obtained before issuing CoS/ disbursements. As regards the indemnity bond the committee noted that the introduction of the same may be deferred till the receipt of revised G.O."

In this background, all the Department Heads and BMs are hereby advised to adhere to the clarifications given by the Social Welfare Department and the instructions of the EC as given above. Should there be an instance for the BOs or the Credit Department in HO to seek a clarification about the eligibility of a proposal for assistance, the Secretary, Social Welfare Department, GoK should be approached in writing and the Department's clarification / clearance / approval sought before sanctioning the loan under the aforesaid scheme. Further, all the BMs / Department Heads are hereby advised to ensure that a copy of the CoS is invariably sent to the Social Welfare Department for their review / audit. Please note that this is a scheme of the GoK and therefore the guidelines of the GoK shall be adhered to meticulously and it is the Social Welfare Department in GoK who will have the final say on the eligibility of a case under the scheme.

In respect of the past cases hitherto sanctioned, copies of the CoS should be sent to the Social Welfare Department.

In cases where the project cost exceeds Rs.100 lakhs, prior approval of the Social Welfare Department is taken before causing sanctions / disbursements. However, if the promoters come forward to treat their projects under the general scheme of the Corporation at the regular rate of interest, then, sanctions / disbursements in the usual course as per norms may be considered.

For strict compliance.

Sd/-
MANAGING DIRECTOR

All the Principal Officers / Section Heads in HO
All the DGMs / ZMs in Super 'A' grade BOs / ZOs
All the AGMs / BMs of BOs / IA Cells
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