

**CIRCULAR No.923**

Sub: Implementation of Soft Seed Capital  
Fund Scheme for SC/ST entrepreneurs  
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The Directorate of Industries and Commerce, vide its letter dated 30.01.2010 had informed that the Government of Karnataka has approved the guidelines for implementation of the following schemes for SC/ST entrepreneurs:

1. State Equity Fund (SEF) Scheme;
2. Soft Seed Capital Assistance; and
3. Venture Capital Fund Scheme.

A copy of the guidelines approved by the Government is enclosed herewith for reference. KSFC is the nodal agency for the scheme mentioned at sl.no.2 viz., Soft Seed Capital (SSC) Assistance and KSIIDC is the nodal agency for the schemes mentioned at sl.nos.1 & 3. As per the guidelines issued, the soft seed capital proposals will be scrutinized by an Appraisal Committee chaired by the Additional Director, (DIC Central Cell), Dept. of I&C and based on its recommendations, loan will be sanctioned by another Committee headed by the Commissioner for Industrial Development & Director of Industries & Commerce.

In this regard, a note was placed before the Board in its meeting held on 24.05.2010. The Board after deliberations, approved the implementation of the scheme and authorized the CMD for finalizing the modus operandi for implementation of the scheme in consultation with the I&C department.

Now, vide its letter dated 30.09.2010 / 13.10.2010, the I&C department have issued the operating guidelines for implementation of the scheme. A copy of the said letter is enclosed herewith for ready reference. The salient features of the scheme are as below:

- (a) The Soft Seed Capital will be sanctioned by a Committee headed by the Commissioner for Industrial Development & Director of Industries & Commerce;
- (b) The concerned JDs of DIC shall obtain second charge letter from the concerned branches of Bank / KSFC by whom term loan is extended.
- (c) The concerned JDs of DIC shall obtain applicable SSC Agreement and Guarantee Deed from the beneficiaries and these documents will be under the custody of concerned JDs of DIC.
- (d) After obtaining the legal documents for the SSC, the respective JDs, DIC shall send the NOC to the Controller Department at HO. After obtaining NOC from the concerned DIC and after receiving a copy of the release order from the I&C Department, the controller department at HO shall release the SSC amount (out of the amount deposited by I&C Department in advance with KSFC) in favour of the concerned branches of Bank / KSFC with a direction to release the amount in favour of concerned beneficiary.
- (e) In respect of units assisted by KSFC, the concerned branch offices of KSFC shall maintain the account in respect of SSC loans as per the repayment schedule enclosed to the release order issued by I&C Department;

- (f) In respect of units assisted by KSFC, an MoU is being entered between KSFC and I&C Department for recovery of the SSC loans. The amount recovered in the usual course shall be passed on to the I&C Department on regular intervals;
- (g) The SSC loan shall carry 1% service charge p.a. which shall be retained by KSFC in respect of KSFC assisted units.
- (h) In case of default in the payment of SSC installments, the interest rate applicable to term loan shall also be made applicable on the defaulted SSC amount;
- (i) In case of advance payment made by the borrower, such advance payments shall be appropriated proportionately to term loan and SSC loan;
- (j) DGM(C) shall issue guidelines for maintaining of SSC loan accounts in respect of KSFC assisted units;

The contents of this circular shall be brought to the notice of all the concerned in your office / department.

Sd/-  
**EXECUTIVE DIRECTOR (FINANCE)**

To:

All BMs / FO, Yadgir  
All ZMs / DGM of Super 'A' Branch / IA cells  
All Principal Officers / Section Heads in HO  
All General Managers  
Library

ED(O) - for information  
CMD - for kind information