

Copy of the Scheme

Centrally Sponsored Scheme of Assistance to State Scheduled Castes Development Corporations (SCDCs)

Introduction

The scheme for assistance to Scheduled Castes Development Corporations was introduced in the year 1978-79 as a Centrally Sponsored Scheme in the States/UTs having sizeable Scheduled Castes population. At present, SCDCs are functioning in 23 States and 4 UTs. They are playing an extremely useful role in mobilisation of finances of economic development of the Scheduled Castes living below the poverty line. They have been acting as promoters and catalysts for generating credit from financial institutions, providing missing inputs by way of margin money loans and subsidy to the target groups. SCDCs have focused their efforts for identification of eligible SC families and motivating them to undertake suitable economic development schemes, sponsoring these schemes to financial institutions for credit support, providing financial assistance in the form of margin money on low rate of interest and subsidy in order to reduce their repayment liability and providing necessary link/tie up with other poverty alleviation programmes.

Pattern of Scheme

The existing pattern of the Scheme is as follows :

- The Government of India and State Governments have been participating in the share capital of the State Scheduled Castes Development Corporations in the ratio of 49:51.
- The cost norms of the projects/schemes have been left to the State Governments and SCDCs.
- The Central share of equity capital is sent directly to the State SCDCs. Wherever necessary, the Ministry might route the funds through the National Scheduled Castes Finance and Development Corporations (NSFDC).
- The quantum and ceiling of subsidy is the same as for the schemes in IRDP; and
- There are two nominees on the Board of Management of the State SCDCs one from the NSFDC and the other from Government of India. The nominees, as far as possible, are to be professional and not necessarily the officers of either the Central Government or of NSFDC.

Objectives:

The objectives are:

1. Identification of eligible SC families and motivating them to undertake economic development schemes.
2. Sponsoring those schemes to financial institutions for credit support.
3. Providing financial assistance in form of margin money on low rate of interest and subsidy in order to reduce their repayment liability; and
4. Providing necessary link/tie up with other poverty alleviation programme

Types of Schemes:

The SCDCs mainly take up employment-oriented schemes in the following areas:

1. Agriculture and Allied including minor irrigation.
2. Small Scale Industry
3. Transport
4. Trade and Service Sector

Eligibility criteria :

A person belonging to Scheduled Castes living below the poverty line is eligible for assistance under this scheme from the State Scheduled Castes Development Corporation.

Pattern of release of funds to SCDCs

The existing pattern of release of funds to SCDCs has been reviewed by the Central Government and it has now been decided that instead of automatic release in the ratio 49:51. Central Share equity shall be released subject to :

- a. Recovery of 60% of loans disbursed by SCDCs to beneficiaries with the following relaxation:

For eleven high SC population States, namely, Andhra Pradesh, Bihar, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal, the prescribed minimum recovery rate of 60% is relaxed as follows:

- o SCDCs with average recovery rate of less than 50% during the X Plan period will be given share capital assistance provided their average recovery during completed years of the XI Plan is 50% and above.
 - o SCDCs with average recovery rate between 50-60% during the X Plan period will be given share capital assistance provided their average recovery rate during completed years of the XI Plan is not below their average recovery rate during the X Plan period.
- b. Utilisation of 75% Share Equity Capital released by Central Government to SCDCs.
 - c. Prior release of State share to SCDC.
 - d. Ability of the SCDC to raise additional resources from financial institutions including banks.

Incentives to the SCDCs to Improve Recoveries

A fund for providing incentive to SCDCs will be created in the apex corporations for improvement in grass root recoveries by SCDC. The concerned apex corporations will issue guidelines regarding operation of incentive fund separately.
