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T. MUNIVENKATAPPA  
JOINT SECRETARY  
TELE NO.381652

GOVERNMENT OF INDIA  
MINISTRY OF WELFARE

New Delhi, the 31st Aug. 1989.  
D.O.NO.17014/19/89-SCDIV

Dear Shri

As the State Governments/State Scheduled Castes Development Corporations are aware, the existing ceiling of non-recurring cost for a scheme or a category of schemes which can be taken up by Scheduled Caste Development Corporations is Rs.12,000/-. This ceiling limit was intimated to the State Governments vide D.O.No.17014/16/80-

SCD-III dated 28th August, 1981. Since then there have been a number of requests for suitably raising the ceiling limit.

The Third National Conference of SCDCs held in April, 1987 had recommended that the Government of India may consider raising the ceiling to Rs.18,000/- per beneficiary. This

matter also came up for discussion in a meeting between the representatives of the Government of India and seven

Scheduled Caste Development Corporations held in this Ministry on 26th May, 1989 to review the functioning of these

SCDCs. It was suggested in that meeting that the ceiling may be raised to Rs.35,000/-.

The Third National Conference on Scheduled Caste Development Corporations had also considered and recommended

that subsidy should be provided to beneficiaries at the rate applicable to IRDP/SEPUP schemes. There have been

demands for higher subsidies even, saying that otherwise it would be difficult to make certain schemes viable.

3. From the time the unit cost was fixed last, there has been considerable price escalation. The unit costs

have escalated even two-three times. For instance, an auto-rickshaw which was costing around Rs.12,000/- a decade ago today costs over Rs.33,000/-. It has also been stated

that with low investments, it would be difficult to make the

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Scheduled Caste applicants take to any diversified activity in certain non-traditional areas of trades, businesses or manufacturing. It would be difficult for the State Corporations to come Government of India every time for relaxing the unit cost.

The Reserve Bank of India has also modified the guidelines, revising the costs of the units for the farm and non-farm sectors. In respect of schemes upto Rs.10,000/- in the farm sector and Rs.25,000/- in the non-farm sector as per the RBI guidelines, there is no need for margin money or down payment. In fact, the limit allowed in the composit schemes of self-employment programmes for the Educated Unemployed is Rs.35,000. In the light of all this, it has been decided to increase the unit cost from the existing limit of Rs.12,000/- to Rs.35,000/-.

4. There were no instructions with regard to allowing any specific subsidy in respect of schemes taken up by the Scheduled Castes Development Corporations, but as a matter of routine, in a way for the reason that the schemes taken up are more or less on the same pattern as of IRDP or any other poverty alleviation effort, the SCDCs with the approval of the State Govts. have been allowing subsidy even on par with the subsidy being allowed for tribals under IRDP. In certain specific schemes the subsidy allowed was of a higher percentage than even 50 percent. Considering the need for bringing in due uniformity in the scale of assistance and also to conserve scarce funds for more important purposes like providing infrastructural support on joint/group basis, Government of India have decided that subsidy component in respect of family oriented schemes taken up by SCDCs should not exceed the subsidy level prescribed in IRDPs i.e. 25 to 33-1/3 percent for categories specified under the scheme subject to a maximum limit of Rs.3000/- per beneficiary in non-DPAF areas or Rs.4000/- per beneficiary in DPAF areas. For SCDC schemes in urban areas, the subsidy component should not exceed 25 percent of the unit cost, subject to the maximum limit of Rs.3000 per

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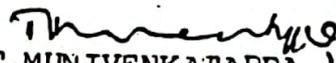
beneficiary. Further, the subsidy at the aforesaid rate should be given with reference to the viability gaps in the schemes taken up by SCDCs.

5. The receipt of this letter may please be acknowledged.

6. Hindi translation of this letter follows.

With regards,

Yours sincerely,

  
(T.MUNIVENKATAPPA) 31/5/77

Secretaries,  
Departments concerning Scheduled  
Castes Welfare,  
State Governments/Union  
Territory Administrations.

✓ Copy to Shri N.R. Nin, Managing Director, Uttar Pradesh SC Finance & Dev. Corpn., B.912, Sector 'C', Mahanagar, Lucknow.

  
( T.MUNIVENKATAPPA) 31/5/77  
JOINT SECRETARY