

No. 17014/53/61  
GOVERNMENT OF INDIA  
MINISTRY OF WELFARE/KALYAN MANTRALAYA

Shastri-Bhawan, New Delhi.

Dated the 18th Dec., 1959.

To

Shri N.-R. Nim,  
Managing Director,  
Uttar Pradesh SC Finance  
& Development Corpn., R. 912  
Sector 'C' Mahanagar, Lucknow.

Sub: Relaxation of unit cost in respect of certain schemes - Regarding.

Sir,

There have been number of proposals from various States for permitting investments by way of loans, minimum subsidies, etc. on items like taxi cars, matadors, trucks, mini buses, state carriages including luxury buses, small industries, establishment of petrol and cooking gas distribution, fertilizer dealerships and photostat units. In the past, the Ministry had allowed relaxation of the unit cost in respect of specific proposals from some of the States. Some of the Managing Directors of the State Corporations have been strongly expressing in favour of general permission being given for entertaining schemes of the types listed.

M(14)  
Spk  
Chil  
22-12-59  
M.D

2. Recently, the unit cost was enhanced from Rs.12,000/- to Rs.35,000/-. The subsidy part, subject to the eligibility of the beneficiary, is, however, still limited to a maximum of Rs.3000/- or Rs.4000/- as the case may be. But this enhancement of the unit cost particularly to Rs.35,000/- will not help the Corporations in entertaining and permitting small ventures of the type referred to in para 1.

3. The whole proposal has been examined. And, with a view to enable some of the Scheduled Caste applicants including the educated unemployed to take to schemes like taking and managing taxi cars, trucks, buses, viable dealerships in petroleum, etc. and small feasible industries, it has been decided that the Corporations may entertain applications directly and arrange to finance the schemes as given exceeding even Rs.35,000/- per unit, subject to the following conditions:-

Handwritten notes and signatures on the left margin, including dates like 22-12-59 and initials like M.D.

- (i) The support extended and the investment made from the Corporation's resources should not exceed 10 percent of the investments of the Corporation in a given year by way of margin money, etc..

- ✓(ii) The subsidy, if any, given to those eligible applicants shall not exceed the prescribed limits i.e. the maximum of Rs.4000/- in DPAP areas and Rs.3000/- in the non-DPAP as well as urban areas.
- ✓(iii) The beneficiaries entertained and assisted shall, as far as necessary, be from the educated unemployed and those in the lower rung of the poorer sections.
- ✓(iv) Entertaining applications for schemes the cost of which exceeds Rs.35000/- shall be with reference to the background and the capacity of the applicants to handle the units.
- ✓(v) Where considered necessary, the selected candidates can be adequately trained before actually entrusting the units for management to them.
- ✓(vi) The schemes of the type mentioned as far as necessary should be projectised, so that due independent bulk-loaning could be arranged proving the viability, etc. of the schemes, conserving the normal resources of the Corporation for the other similar schemes.
- ✓(vii) Extending minimum possible support the State Finance Corporation and other State agencies should be made to fund these types of schemes.
- ✓(viii) Most of the small ventures fail on account of the absence of backward and forward linkages including marketing and working capital. The Corporations should ensure provision of these linkages, associating the other State/Departmental agencies.
- ✓(ix) The National Scheduled Castes and Scheduled Tribes Finance and Development Corporation may be associated with this type of higher investment programmes, preparing suitable projects/schemes and .
- ✓(x) There should be definite monitoring and reviewing arrangements in the Corporations to ensure proper grounding and running of the sanctioned schemes/projects.

4. The complaints generally is that any viable sizeable investment or unit is appropriated by other than Scheduled Castes, depriving the actual beneficiaries from the returns or sometimes the beneficiaries himself parts with the units for some small gains. It should be the Corporation's responsibility to see that such benami transactions do not repeat do not take place and that the beneficiaries selected are genuine, sincere type and they themselves and for themselves run the units.

: - 3 - :

5. The Corporations should strive to make use of the relaxation allowed, making the schemes taken up adequately viable and successful.

6. The receipt of this letter may be acknowledged.

Yours faithfully,

*M. M. M. M.*  
(T. MURIVENKATAPPA) 15/12/55  
JOINT SECRETARY TO THE  
GOVERNMENT OF INDIA