LENDING POLICY OF NSFDC SCHEMES

National Scheduled Castes Finance and Development Corporation

(A CPSE of Ministry of Social Justice & Empowerment, Government of India)
CIN: U93000DL1989NPL034967

(An ISO 9001:2015 Certified Company)

14th Floor, SCOPE Minar, Core1 & 2, Laxmi Nagar, Delhi-110 092
Phone : 011-22054392/94/96   Fax : 011-22054349/95
E-mail:support-nsfdc@nic.in   nsfdc1989@gmail.com
Website :www.nsfdc.nic.in

INDEX

LENDING POLICY FOR STATE CHANNELIZING AGENCIES

1. ORGANISATION

National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC) was set up by the Government of India in February, 1989 as a Government Company under Section 8 of the Companies Act, 2013 (formerly Section 25 of the Companies Act, 1956 a company not for profit).

Consequent upon the orders of the Government of India declaring bifurcation of the erstwhile NSFDC into two separate Corporations (one each for Scheduled Castes & Scheduled Tribes), the National Scheduled Castes Finance and Development Corporation (NSFDC) is now functioning exclusively for the development of the Scheduled Castes w.e.f. 10.04.2001. NSFDC is a fully owned Government of India Undertaking under the Ministry of Social Justice & Empowerment and is managed by a Board of Directors with representation from Central Government, State Scheduled Castes Development Corporations, Financial Institutions and non-official members representing Scheduled Castes.

2. BROAD OBJECTIVE

The broad objective of NSFDC is to finance for the economic empowerment of persons belonging to the Scheduled Caste having Annual Family Income upto Rs.5.00 lakh through State Channelizing Agencies (SCAs).

3. VISION AND MISSION

Vision

To be the leading catalyst in systematic reduction of poverty through socio-economic development of eligible Scheduled Castes working in an efficient, responsive and collaborative manner with channelizing agencies and other development partners.

Mission

Promote prosperity among Scheduled Castes by improving flow of financial assistance and through skill development & other innovative initiatives

4. SHARE CAPITAL

The Authorized Share Capital of NSFDC is Rs.1500 crore as on 31st March, 2021.

OPERATIONS

(i) Financing income-generating schemes for the Scheduled Castes through the State Channelising Agencies and other recognized institutions nominated by the respective State / UT Governments (SCAs). For the purpose of NSFDC's Lending Policy, SCAs shall mean the Channelising Agencies, in States or Union Territories of India, which are promoted and wholly owned by the respective State/ Union Territory Governments/Administrations and such other Channelising Agencies which are nominated by the State / Union Territory Governments / Administrations and in which they hold majority stake and have majority control, and in so far as the recognised institutions mentioned above are concerned, those institutions, which the NSFDC's Board of Directors decides are eligible, and the decision of NSFDC's Board of Directors in this regard shall be final.

(ii) Providing Term Loan and Micro-Credit Finance to the target group for self-employment purpose.

(iii) To extend education loans to the eligible Scheduled Caste students for pursuing full-time professional/technical education.

(iv) To provide loans to the target group for Vocational Education and Training courses leading to wage employment.

(v) Organising Exhibitions-cum-Fairs for marketing the products of the target group.

(vi) Developing the management skill levels of the SCAs.

(vii) Providing advisory services to target group and SCAs.

6. **NSFDC-SCA RELATIONSHIP**

The SCAs, duly nominated by State Government/UT Administration, are to act, as Channelising Agencies of NSFDC in respective States/UTs. The relationship between NSFDC and the SCAs would be governed and guided by contractual relationship between the parties, strictly in accordance with the NSFDC Lending Policy and the terms and conditions of the General Loan Agreement(s).

7. **ELIGIBILITY CRITERIA**

(i) The beneficiary (ies) should be from the Scheduled Caste Community.

(ii) Individuals, Partnership Firms and Co-operative Societies are eligible to undertake income generating activities. However, proposals submitted by Partnership Firms and Co-operative Societies shall be considered subject to the following:

(a) All the members of Partnership Firms / Co-operative Societies belong to Scheduled Caste community.

(b) Annual family income of each member/applicant is upto Rs.5.00 lakh.

Note: Applicants are required to apply for financial assistance from NSFDC through the concerned SCAs. Direct contact or correspondence by the Applicants/ Beneficiaries shall not be entertained by NSFDC under any circumstances.

(iii) Annual family income of the beneficiary (ies)/member(s) of Partnership/ Co-operative Society should not exceed Rs.3.00 lakh.

(iv) The second time loan may be considered for eligible SC beneficiaries, if they have availed first time loan under any of the NSFDC Scheme. The second time loan will be subject to :

(a) Full repayment of the earlier loan, and

(b) Certification of actual assets creation through first loan and successful running of the business by the SCAs/CAs. [1]

Note. : The verification of eligibility criteria shall be the sole responsibility of the SCAs. NSFDC shall, however, be entitled to re- verify the eligibility of the applicants, if it so desires.

8. **NOTIONAL ALLOCATION OF NSFDC FUNDS TO BE DISBURSED**

(i) At the beginning of the each financial year, NSFDC shall notionally allocate funds to the SCAs, in proportion to the Scheduled Caste population of the country represented by the respective State/UT Administration. The SCAs are, in turn, required to further make district-wise allocation in accordance with the same principle.

(ii) The achievement of notional allocation/quarterly targets to the channel partners will be reviewed on quarterly basis, by 10th of subsequent months, and the unavailed portion of notional allocation shall be transferred to performing channel partners (SCAs/Public Sector Banks/Regional Rural Banks/Other Institutions).[2]

1. Board in its 150th meeting held on 20.03.2019 approved revision of Policy for Second Time Loan under Term Loan/LVY.

2. Board in its 131st meeting held on 21.03.2014 approved changes in the system for review of notional allocation of funds to SCAs.

(iii) The achievement of notional allocation/quarterly targets of cluster development to the channel partners will be reviewed on the quarterly basis, by 10th of subsequent months after end of each quarter, and the unavailed portion of notional allocation for cluster development shall be transferred to performing channel partners that are willing to avail that amount for cluster development, on fulfilment of prudential norms. Only in exceptional circumstances the SCAs will be permitted to utilize the notional allocation for cluster development for other purposes.[3]

(iv) NOTIONAL ALLOCATION UNDER LOW AND HIGH VALUE PROJECTS [4]

Sl. No.	Unit Cost	%age of Notional Allocation
a.	Projects costing up to Rs.1.00 lakh	40%
b.	Projects costing above Rs.1.00 lakh and up to Rs.2.00 lakh	40%
c.	Projects costing above Rs.2.00 lakh and up to Rs.5.00 lakh	10%
d.	Projects costing above Rs.5.00 lakh and up to Rs.10.00 lakh	5%
e.	Projects costing above Rs.10.00 lakh and up to Rs.50.00 lakh	5%

3. Board in its 141st meeting held on 16.03.2016 approved 20% of notional allocation for Cluster development.

4. Board in its 114th meeting held on 08.07.2010 approved the revision in unit cost wise allocation under Term Loan Scheme.

Note: (I) At the time of notional allocation of funds to SCAs at the beginning of the financial year, funds equivalent to 50% of notional allocation for projects costing up to Rs.1.00 lakh of each SCA, shall be released to the SCAs in advance, on receipt of Action Plan, to implement projects costing up to Rs.1.00 in the prescribed ratio. The SCAs shall furnish utilization of these funds within 120 days of its release by NSFDC.

(II) In addition, 50% of the notional allocation separately made for Micro Credit Finance (MCF) and Mahila Samriddhi Yojana (MSY) schemes for each SCA shall also be released in advance on receipt of Action Plan for implementation of these schemes which are to be utilized within 120 days from date of disbursement.

(III) The release of these funds to SCAs shall however be subject to fulfillment of Clause 12.1(iii) regarding availability of adequate Government Guarantee and Clause 12.2(i) & (ii) regarding 80% satisfactory level of fund utilization and no outstanding overdues more than one year as at end of preceding financial year.

(iv) **SOCIAL PRIORITIES**

Further, the SCAs are required to endeavour to cover target groups in accordance with the priorities laid down as under:

(a)	Educated unemployed/underemployed	50%
(b)	Women	30%
(c)	Others	20%

(v) **SECTORAL PRIORITIES**

The SCAs are required to endeavour to achieve sectoral priorities in accordance with the percentages listed below: -

	Sectors	Allocation
(a)	Agriculture & Allied	50%
(b)	Service	40%
(c)	Industry	10%

9. **PROCEDURE FOR AVAILING ASSISTANCE**

(i) For schemes having unit cost up to Rs.5.00 lakh per unit, no project report is required. Sanction & Disbursement would be done for these schemes on receipt of Action Plan from SCAs having details such as name of schemes, number of units & beneficiaries, total cost, subsidy, SCA's share and NSFDC share.

(ii) Applications for availing term loan from NSFDC under schemes costing above Rs.5.00 lakh through its SCAs should be submitted in the formats prescribed hereunder:

(a) Format of application for financial assistance for Non-farming & Other Activities (Format No 1: **Annexure I**).

(b) Format of application for financial assistance for Farming Activities (Format No. 2: **Annexure-II**).

(c) Format of application for financial assistance for Transport Sector (Format No.3: **Annexure-III**).

These formats have detailed checklist of points to be covered and complied with, while submitting the proposals to NSFDC.

(iii) Eligible applicants shall submit their project proposals to the SCAs as per the formats applicable to them and SCAs shall forward these to NSFDC.

(iv) The SCAs, while recommending proposals to the NSFDC within the eligibility criteria, shall undertake their willingness to:

(a) Implement the schemes as sanctioned by NSFDC.
(b) Provide their share of loan and subsidy as applicable.
(c) Monitor the project implementation and repay the loan.
(d) Provide Government Guarantee/Bank Guarantee of a Nationalized Bank to secure the financial assistance sought from NSFDC.

(v) The SCAs would also take the following steps:

(a) Compulsory registration of applications.

(b) All applications, thus registered, to be examined in a time-bound manner by a duly constituted Selection Committee. The suitability of candidates should be judged on the basis of their experience in the line / educational qualifications.

(c) The reasons for selection/rejection to be necessarily maintained in all such cases.

(d) Selections/rejections to be necessarily communicated to the applicants as soon as possible.

(e) Arrange for field verification for any High Cost Scheme (with NSFDC's share exceeding Rs.5.00 lakh) and forward such Project proposals along with Field Verification Report, giving the findings on and recommendation of the Field Officer.

(f) Individual Applications having project-cost exceeding Rs.5.00 lakh should necessarily furnish Affidavits prescribed at **Annexure-IV**. Such Affidavits are also to be obtained under group proposals having NSFDC's Share of Rs. 5.00 lakh or more. This requirement is in addition to the submission of Caste and Income Certificates by the Applicants in all cases.

(g) Selections to be made in proportion to the sanctioned units, with wait listing on first come first served basis.

(h) Sanction to be communicated to the beneficiaries as soon as the 'Letter of Intent' of a scheme is received from the NSFDC.

(i) Sanction letter to the beneficiary to include all the terms and conditions contained in the Letter of Intent as well as the documents required from the applicant.

(j) In selection of assets (within the sanctioned parameters), choice of beneficiaries to be a prime consideration.

10. **SECURITY**

(i) SCAs shall provide Government Guarantee/Bank Guarantee issued by a Nationalized Bank to the NSFDC for the funds sanctioned to them, preferably as Block Guarantee. Government Assurance shall be taken into account only in the year of issue and will not be taken into account after the end of the financial year for further release of funds, unless converted into Government Order or Government Guarantee Deed / Bank Guarantee issued by a Nationalized Bank.

NSFDC shall be free, without in any manner being obliged to do so, to call upon the concerned Government / invoke the Guarantee from time to time, for recovery of its outstanding dues.

11. PROCEDURE FOLLOWED BY NSFDC IN CLEARANCE OF LOAN PROPOSALS RECEIVED FROM SCAs

(i) Registration of the Proposal at NSFDC Headquarters

On receipt of project proposal, the same shall be registered in the Central Register of Projects Department and a new File shall be opened with a unique number called File Number, which has State/UT code and a running File number.

(ii) Processing of the Proposal

(a) The concerned desk shall then process the case and place it before the Project Clearance Committee.

(b) The Project Clearance Committee (PCC), comprising of the Desk Incharges of the Projects, Banking Division, Skill Training, Coordination, Budget-Finance, Loan Accounts, General Manager (Finance), General Manager (Projects) and Chief General Manager (Chairman) shall discuss the proposals in its meetings normally to be held weekly. From August, 2020, the constitution of the Project Clearance Committee (PCC), was changed as per the approval of Chairman and Managing Director and presently the PCC consist of the concerned Desk In-charge of the Projects Dept., General Manager (Finance), Chief General Manager (Projects/Skill) and Chief General Manager (Finance/HRD/Admn.) as the Chairman. NSFDC shall appraise the project proposals and shall have the right to reduce the project cost (based on techno-economic viability). The PCC shall, after satisfying itself that the proposal fully meets the NSFDC Lending Policy, and is technically feasible and commercially viable, recommend the proposal for sanction to the Chairman-cum-Managing Director (CMD).

(c) If the project proposal is found to be lacking in any respect, a communication shall be sent to the concerned SCA, seeking clarifications / additional information, as found necessary. If no reply is received within a period of 30 (thirty) days, a reminder shall be sent to the SCA giving it further time of 15 (fifteen) days to respond. If still no reply is received, a final notice shall be given to respond within 15 (fifteen) days, after which the proposal shall be closed and the SCA be intimated of the same.

(d) After the proposal is approved by the CMD, a 'Letter of Intent' (LOI) in duplicate shall be issued to the SCAs conveying sanction of the scheme.

<u>(iii)</u> **<u>Priority / Wait List:</u>**

(a) NSFDC shall treat each State / UT Channelising Agency as a separate applicant with respect to giving priority to the applications received from each of them. For each State / UT, applications received through the respective SCAs shall be considered on ‘first received first registered basis’, provided always, that the applicant fulfils all the eligibility criteria and the application is complete in all respects in terms of the Lending Policy of NSFDC. In the event, for any particular scheme / financial year, the allocated funds for a particular State/UT fall short of the requested funds and/or NSFDC decides under its Lending Policy, that particular SCA is not to be given any financial assistance for some period or during any financial year, due to any reason whatsoever, including due to defaults by such SCA, applications of all eligible applicants shall be kept in a waiting list and shall be taken up for consideration for sanction of loans, through the respective SCAs, on the aforesaid 'first received first registered basis'.

(b) In the event any proposed beneficiary's application is rejected due to the proposed beneficiary not fulfilling the eligibility criteria, technical soundness of the project, incomplete or otherwise deficient application or for any other reasons whatsoever (the decision of NSFDC being final and not open to any objections) such applicant will lose his priority in the waiting list.

12. DISBURSEMENT OF FUNDS TO THE SCAs FOR IMPLEMENTATION OF SANCTIONED SCHEMES

NSFDC's funds for sanctioned schemes are disbursed only on specific request in writing from the SCAs. The disbursements are subject to the fulfilment of conditions imposed by NSFDC, which are given below:

12.1 Legal Contractual Documents:

(i) Acceptance of the LOI, by returning a copy thereof duly signed and stamped on all the pages by an authorised representative of the SCA(s), in token of acceptance of all terms and conditions contained in the LOI.

(ii) Execution of General Loan Agreement(s) by the SCA(s), signed and stamped on all the pages by an authorised representative of the SCA(s).

(iii) Submissions of adequate State Government Guarantee/ Government Order/Government Assurance/Bank Guarantee issued by a Nationalized Bank.

(iv) A written requisition by the SCA(s) for release of funds for the implementation of the scheme.

12.2 **Pre-conditions / Performance Related Documents**

(i) (a)Cumulative funds utilization level of 80% [5] may be considered as at the end of preceding month for disbursement of funds till February end **(**as per **Annexure –V).**

(b) Cumulative funds utilization level of 80% may be considered as at the end of preceding day for disbursement of funds in the month of March.

(ii) There should not be any overdues payable to NSFDC, which are outstanding for more than 1 (one) year at the end of the preceding financial year.

(iii) The SCAs while seeking funds shall confirm in writing that the sanctioned schemes have been widely publicized and beneficiaries selection is in progress and is likely to be completed in time, if not already done.

5. Board in its 145th meeting held on 17.04.2017 approved the revised consideration of funds utilization reports for disbursement of funds.

(iv) Availability of Subsidy, Margin Money Loan and Promoter's Contribution as per the Means of Finance sanctioned.

(v) Identification of Assets and Suppliers as per selected proposed Beneficiary's choice and in conformity to the terms and conditions of sanction.

12.3 On completion and fulfilment of conditions mentioned in Clause 12.1 and 12.2 above, the funds shall be released by NSFDC to the SCAs.

13. IMPLEMENTATION OF THE APPROVED SCHEME(S)

The SCAs are required to implement the approved scheme(s) within 6 (six) months from the date of issue of 'Letter of Intent'.

14. FUNDS UTILISATION

14.1 Utilisation Period & Interest Rates For Unutilised Funds Refunded:

(i) SCAs are to utilise funds drawn from the NSFDC within 120 [6] days from the date of disbursement of funds.

(ii) NSFDC's funds actually released by the SCAs to the Beneficiaries or advanced to the suppliers towards procurement of Assets under the approved projects shall only be considered as funds utilised.

6. Board in its 141th meeting held on 16.03.2016 approved the enhancement of utilization period & HRI on unutilized refund from 90 days.

(iii) Higher Rate of Interest @ additional 4% p.a. over and above normal interest on fund un-utilized and refunded in toto (either directly or through repayment by way of quarterly instalments) shall be applicable. Higher Rate of Interest on refund amount be levied on "Accrual Basis". [7 & 8]

14.2 SUBMISSION OF PROGRESS REPORTS

The SCAs shall send scheme-wise Quarterly Progress Reports (QPR) on the utilisation of the NSFDC funds as per the prescribed format **(Annexure-V).** The QPR must reach NSFDC within 10 days from the close of each quarter.

15. RECALL OF THE UNUTILISED FUNDS

Without in any manner diluting the responsibility of the SCAs to utilise the funds within the aforesaid period of 120 (one hundred twenty) days and without prejudice to SCAs liability to pay interest as stipulated in Clause 14.1 above, NSFDC may also issue Recall Notices for the amounts lying unutilised with the SCAs beyond 180 days from the date of disbursement by NSFDC, and it shall be the duty of the SCAs concerned to forthwith comply with the Recall Notice, failing which, without prejudice to any other rights available to NSFDC, NSFDC shall be entitled to withhold disbursement of any further funds to the defaulting SCAs.

7. Board in its 109th meeting held on 06.07.2009 approved the revised basis of HRI calculation.

8. Board in its 114th meeting held on 08.07.2010 approved abolition of HRI on unutilized funds.

16. **INTEREST ON DEFAULTED PAYMENTS :**

Defaults in the repayment of NSFDC dues (principal as well as interest), disbursed by the SCAs, beyond the stipulated / agreed dates of repayment, shall attract further interest @ 2% p.a. over and above the normal rates of interest applicable on the dues. It would be levied on accrual basis quarterly through a separate demand. However, no interest on defaulted payments shall be levied if the repayment to NSFDC as at the end of preceding financial year is 90% or more.

17. **APPROPRIATION OF REPAYMENTS**

Notwithstanding any contrary directions or instructions, in writing or otherwise from the SCAs, NSFDC shall be entitled to appropriate the repayment received from the SCAs, first towards the interest and then towards the principal amounts outstanding for the longest period, without any prior intimation to the SCAs.

18. **GENERAL**

(i) Those who own the assets under NSFDC assistance alone are considered as beneficiaries.

(ii) In view of the large number of beneficiaries to be assisted, financial assistance for the sick/closed units shall not be considered.

(iii) Agricultural Land based schemes should be composite schemes and, therefore, should not merely be confined to providing land.

(iv) Under Transport Sector Schemes, only one vehicle per beneficiary/institution shall be considered. The commercial Licence shall be a compulsory requirement for such beneficiaries.

(v) The interpretation of any or all provisions of the Lending Policy by the Board of Directors of NSFDC shall be final and binding as to its terms, content, purport and / or implementation.

(vi) The Board of Directors of NSFDC may from time to time add to, substitute, alter, amend and / or any terms and conditions of the Lending Policy.

(vii) In case of any disputes or claims under or arising out of the Lending Policy, Courts only at Delhi, to the exclusion of all other Courts, shall have the exclusive jurisdiction.

******

ANNEXURE-I

FORMAT NO.1

NATIONAL SCHEDULED CASTES FINANCE & DEVELOPMENT CORPORATION, DELHI

FORMAT OF APPLICATION

FOR

FINANCIAL ASSISTANCE FOR NON-FARMING AND OTHER ACTIVITIES

(THIS IS ONLY A FORMAT AND NOT AN APPLICATION FORM)

1. **DETAILS OF THE PROMOTER(S) :**

   (Name, Age, Address, Present Occupation,

   Present Income Level, Details of Family

   Members)

2. **PROPOSED ACTIVITY :**

   (Details of Activity, Location and

   Area of Operation, Skill Level

   Required for Operating the Activity &

   Experience in the line)

3. **COST OF PROJECT :**

Sl. No.	**Particulars**	**Cost (Rs.)**
(i)	Building (to be supported by documents)	
(ii)	Plant and Machinery (to be supported with quotation)	
(iii)	Misc. Fixed Assets (to be supported with quotations)	
(iv)	Preliminary & Pre-operative expenses	
(v)	Contingencies and cost escalation	
(vi)	Others, if any (registration expenses, insurance expenses etc.)	
(vii)	Working Capital (Details of requirement of working capital to be furnished)	
	TOTAL	

4. **MEANS OF FINANCE**

No.	Source	Per Unit	%age	Total for ____ Units (Rs.)
(i)	Promoter's Contribution			
(ii)	Subsidy			
(iii)	Margin Money Loan (SCA)			
(iv)	Term Loan/Seed Capital/Working Capital - NSFDC			
(v)	Banks			
(vi)	Others, if any, specify			
	TOTAL			

5. **DETAILS OF PROFITABILITY :**

(Please give details of sales revenue

and details of expenditure of operations

for a normal year of operation)

6. **TECHNICAL DETAILS :**

(Give technical details such as

skill requirement, raw material

requirement, power requirement

manufacturing process etc.

in 200 words)

7. MARKETING ARRANGEMENTS :

<u>ANNEXURE-II</u>

FORMAT NO.2

NATIONAL SCHEDULED CASTES FINANCE & DEVELOPMENT CORPORATION, DELHI

FORMAT OF APPLICATION

FOR

FINANCIAL ASSISTANCE FOR FARMING AND OTHER ALLIED ACTIVITIES

(THIS IS ONLY A FORMAT AND NOT AN APPLICATION FORM)

1. **DETAILS OF THE PROMOTER(S) :**

   (Name, Age, Address, Present Occupation,

   Present Income Level, Details of Family

   Members)

2 **PROPOSED ACTIVITY :**

   (Details of Activity, Location and

   Area of Operation, Skill Level

   Required for Operating the Activity &

   Experience in the line)

3. **COST OF PROJECT :**

PART-I – LAND BASED ACTIVITIES

Sl. No.	Particulars	Cost (Rs.)
(i)	Land (with full details of location and value)	
(ii)	Cost of Land Development	
(iii)	Provision for Irrigation Facilities (to be supported with quotation)	
(iv)	Plant and Machinery (to be supported with quotation)	
(v)	Misc. Fixed Assets (to be supported with quotations)	
(vi)	Preliminary & Pre-operative expenses	
(vii)	Contingencies and cost escalation	
(viii)	Others, if any (registration expenses, insurance expenses etc.)	
(ix)	Working Capital (Details of requirement of working capital to be furnished)	
	TOTAL	

PART-II – DAIRY

Sl. No.	Particulars	Cost (Rs.)
(i)	Building (to be supported by documents)	
(ii)	Cost of Animals (No. & Purchase Price/Animal)	
(iii)	Misc. Fixed Assets (to be supported with quotations)	
(iv)	Insurance Charges	
(v)	Working Capital (Details of requirement of working capital to be furnished)	
	TOTAL	

PART-III - TRACTOR AND AGRICULTURAL IMPLEMENTS

Sl. No.	Particulars	Cost (Rs.)
(i)	Cost of Tractor and Agricultural Implements	
(ii)	Misc. Attachments (to be supported with quotations)	
(iii)	Others, if any (Transportation cost, registration cost, insurance cost etc.)	
	TOTAL	

4. **MEANS OF FINANCE**

Sl. No.	Source	Per Unit	%age	Total for ____ Units (Rs.)
(i)	Promoter's Contribution			
(ii)	Subsidy			
(iii)	Margin Money Loan (SCA)			
(iv)	Term Loan - NSFDC			
(v)	Banks			
(vi)	Others, if any, specify			
	TOTAL			

5. **DETAILS OF PROFITABILITY :**

(Please give details of sales revenue

and details of expenditure of operations

for a normal year of operation)

6. **TECHNICAL DETAILS :**

(Give technical details such as

skill requirement, raw material

requirement, power requirement

etc. in 200 words)

7. MARKETING ARRANGEMENTS :

ANNEXURE-III

FORMAT NO.3

NATIONAL SCHEDULED CASTES FINANCE & DEVELOPMENT CORPORATION, DELHI

FORMAT OF APPLICATION

FOR

FINANCIAL ASSISTANCE FOR TRANSPORT ACTIVITIES

(THIS IS ONLY A FORMAT AND NOT AN APPLICATION FORM)

1. **DETAILS OF THE PROMOTER(S) :**

   (Name, Age, Address, Present Occupation,

   Present Income Level, Details of Family

   Members)

2. **PROPOSED ACTIVITY :**

   (Details of Activity, Location and

   Area of Operation, Skill Level

   Required for Operating the Activity &

   Experience in the line)

3 **COST OF PROJECT :**

Sl. No.	Particulars	Cost (Rs.)
(i)	Cost of Vehicle (to be supported with quotations)	
(ii)	Misc. Attachments (to be supported with quotations)	
(iii)	Others, if any (Transportation cost, registration cost, insurance cost etc.)	
	TOTAL	

4. **MEANS OF FINANCE**

No.	Source	Per Unit	%age	Total for ____ Units (Rs.)
(i)	Promoter's Contribution			
(ii)	Subsidy			
(iii)	Margin Money Loan (SCA)			
(iv)	Term Loan - NSFDC			
(v)	Banks			
(vi)	Others, if any, specify			
	TOTAL			

5. DETAILS OF PROFITABILITY :

(Please give details of sales revenue

and details of expenditure of operations

for a normal year of operation)

6. **TECHNICAL DETAILS :**

(Give technical details such as

skill requirement, maintenance

and repair facilities requirement

etc. in 200 words)

7. **MARKETING ARRANGEMENTS :**

ANNEXURE-IV

AFFIDAVIT

(on Stamp Paper of appropriate value)

I____

son/daughter/wife of ____ residing at ____do hereby solemnly affirm and state on oath as follows:-

1. I, submit that I belong to____________________________(Caste Name) which comes under Scheduled Caste in the State of __________________________________.

2. Further, I submit that I am not an Income Tax Assessee and that my Annual Family Income is Rs.__________(in words) ______________________ _________from all sources. My family comprises of ________, ________, ______, ____________.

3. The above declaration is given by me for the purpose of obtaining loan under the scheme of ____ (SCA) and National Scheduled Castes Finance and Development Corporation (NSFDC). In case any of the facts declared by me as above are found incorrect, I fully understand that I am liable for action in accordance with the Lending Policies of SCA & NSFDC.

DEPONENT

Identified by me

SWORN TO, BEFORE ME

Place : **Stamp**

Date :

(NAME & ADDRESS OF NOTARY)

[Separate Affidavits of each Member of a Partnership Firm/Co-operative Society etc.]

ANNEXURE-V

FORM OF QUARTERLY PROGRESS REPORT FOR THE QUARTER ENDING ____________________

(REPORT TO BE SENT TILL THE DATE OF FULL IMPLEMENTATION OF SCHEME)

(Rs. Lakh)

1. NAME OF THE PROJECT/SCHEME :

2. LOCATION OF PROJECT/SCHEME :

3. IMPLEMENTATION PERIOD :

		AS PER SANCTION	ACTUAL
i) Date of Commencement	:		
ii) Date of Completion	:		

4. **BREAK-UP OF NUMBER OF UNIT(S)**

	AS PER SANCTION		ACTUAL	
	Male	**Female**	**Male**	**Female**
(i) Rural				
(ii) Urban				
TOTAL				

5. **STATUS OF BENEFICIARIES**

	AS PER SANCTION				ACTUAL			
	Rural		**Urban**		**Rural**		**Urban**	
	M	**F**	**M**	**F**	**M**	**F**	**M**	**F**
i) Educated unemployed/under employed								
ii) Women								
iii) Scavengers								
iv) Others								
TOTAL:								

List of Beneficiaries to be enclosed as per **Appendix-1**.

6. **COST OF PROJECT & ACTUAL EXPENDITURE**

(Rs. in lakh)

Sl. No.	**ITEMS**	**SANCTIONED**	**ACTUAL**
i)	No. of Unit		
ii)	Cost per unit		
iii)	Total cost of scheme/project		

7. **DETAILS OF FUND SOURCES AND UTILISATION**

(Rs. in Lakh)

Source	**Sanctioned**		**Actual (Cumulative)**	
	Per Unit	**Total for ____________ No. of Units**	**Per unit**	**Total for ____ No. of Units**
(i) Promoter's contribution				
(ii) NSFDC's Share (a) Term Loan (b) Seed Capital (c) Bridge Loan (d) Working Capital Loan				
(iii) Channelising Agency's Share				
(iv) Subsidy				
(v) Others (Specify)				
TOTAL				

8. **DETAILS OF RECEIPT AND UTILISATION OF NSFDC's SHARE**

	RECEIPT FROM NSFDC			FUNDS RELEASED BY CHANNELISING AGENCY TO SUPPLIERS			
							(Rs. in lakh)
	Cheque/ DD No.	**Date**	**Amount**	**Cheque/DD No.**	**Date**	**In favour of**	**Amount**
a. 1st Disbursement							
b. 2nd Disbursement & Subsequent Disbursements							
			---------				-------
TOTAL							
			---------				-------

Note :

(i) Details of funds released by Channelising Agency to the Beneficiaries/Suppliers of Assets are to be furnished separately for each instalment disbursed by NSFDC incorporating the particulars specified above. A separate sheet may be enclosed, if required.

(ii) In case funds are released to the beneficiaries directly, details of the same to be furnished in **Appendix-1.**

(iii) Transfer of funds by Channelising Agency to its Branch/District Offices/Field Offices will not be treated as disbursement for the purpose of funds utilization.

9. **REPAYMENT STATUS OF NSFDC's SHARE (CUMULATIVE)**
(As on date)

(in Rs.)

Sl. No.	**Particulars**	**Principal**	**Interest**	**Total**
(i)	Amount due			
(ii)	Amount paid			
(iii)	Balance			

10. **DEVIATIONS FROM THE SANCTION, IF ANY, ALONGWITH REASONS :**

11. **OTHER RELEVANT INFORMATION, IF ANY :**

APPENDIX-1 TO ANNEXURE-V

DETAILS OF BENEFICIARIES ASSISTED

NAME OF THE CHANNELISING AGENCY :

NAME OF THE SCHEME (LOI No.) :

(Rs. In lakh)

Name & Address	Age	Sex	Unit Cost	NSFDC's Share	Disbursement of NSFDC's Share			Beneficiaries				Category Code	Annual Family Income	Remarks
								Rural		Urban				
								M	F	M	F			
					Cheque / DD No.	Date	Amount Disbursed							

ADD : Reported in previous quarters.

TOTAL :

CERTIFIED THAT ALL THE BENEFICIARIES COVERED UNDER THE LIST WERE ELIGIBLE FOR ASSISTANCE AS PER ELIGIBILITY CRITERIA.

SIGNATURE

(AUTHORISED SIGNATORY)

NAME & DESIGNATION OF OFFICIAL

Note :

(i) Details of type of vehicle may be indicated in the remarks column, in case where single sanction consists of different types of vehicles.

(ii) Separate sheet to be used for each scheme.

(iii) Please indicate Category Code as (1) for Educated Unemployed/under employed (2) for Women and (3) for Artisans & (4) for others.

STANDARD CONDITIONS

1 For any change in the parameters and terms and conditions of the scheme, prior approval of NSFDC shall be obtained by the Channelising Agency.

2 The Channelising Agency shall ensure that beneficiaries are selected strictly as per the eligibility criteria of NSFDC.

3. The Channelising Agency shall ensure effective monitoring and periodic flow of information to NSFDC relating to progress/implementation of this scheme during the currency of the loan.

4 Cost over-run, if any, in the scheme shall be borne by the Channelising Agency to the satisfaction of NSFDC.

5 The Channelising agency shall form a Project Implementation Committee for monitoring the implementation of the project where NSFDC's nominee would invariably be included.

6 NSFDC funds released by the Channelising Agency to the beneficiaries or advanced towards procurement of assets under the projects shall alone be considered as funds utilised. However, funds transferred by the Channelising Agency to its Branch/District Offices, are not considered as funds utilised.

7 **HRI on Refund**

Higher Rate of Interest @ 4% over and above normal interest on funds unutilized and refunded in toto (either directly or through repayment by way of quarterly instalments) shall be applicable.

8. NSFDC funds refunded unutilised by the SCA even within 120 days shall attract the same Higher Rate of Interest as indicated above.

9. In no case the Higher Rate of Interest charged by NSFDC will be levied subsequently by the Channelising Agency from the beneficiaries.

10. The SCAs shall send scheme-wise Quarterly Progress Reports within 180 days from the date of disbursement. The Quarterly Progress Reports must reach NSFDC within 10 days from the close of each Quarter.

11. **RECALL OF THE UNUTILISED FUNDS**

Without in any manner diluting the responsibility of the SCAs to utilise the funds within the aforesaid period of 120 (one hundred twenty) days and without prejudice to SCA liability to pay interest as stipulated in the Lending Policy, NSFDC may also issue Recall Notices for the amounts lying unutilised with the SCAs beyond 180 days from the date of disbursement by NSFDC, and it shall be the duty of the SCAs concerned to forthwith comply with the Recall Notice, failing which, without prejudice to any other rights available to NSFDC, NSFDC shall be entitled to withhold disbursement of any further funds to the defaulting SCAs.

12. **INTEREST ON DEFAULTED PAYMENTS**

Defaults in the repayment of NSFDC dues (principal as well as interest), beyond the stipulated / agreed dates of repayment, shall attract further interest @ 2% p.a. over and above the normal rates of interest applicable on the dues. It would be levied on accrual basis quarterly through a separate demand. **However, no interest on defaulted payments shall be levied if the repayment to NSFDC as at the end of preceding financial year is 90% or more.**

13. **APPROPRIATION OF REPAYMENTS**

Notwithstanding any contrary directions or instructions, in writing or otherwise from the SCAs, NSFDC shall be entitled to appropriate the repayment received from the SCAs, first towards the interest and then towards the principal amount outstanding for the longest period, without any prior intimation to the SCAs.

14. **SECURITY**

SCAs shall provide Government Guarantee/Bank Guarantee issued by a Nationalized Bank to the NSFDC for the funds sanctioned to them, preferably as Block Guarantee. Government Assurance shall be taken into account only in the year of issue and will not be taken into account after the end of the financial year for further release of funds, unless converted into Government Order or Government Guarantee Deed/Bank Guarantee issued by a Nationalized Bank. NSFDC shall be free, without in any manner being obliged to do so, to call upon the concerned Government / invoke the Guarantee from time to time, for recovery of its outstanding dues.

15. **<u>NOTIONAL ALLOCATION OF NSFDC FUNDS TO BE DISBURSED TO CHANNELISING AGENCIES</u>**

(i) At the beginning of the each financial year, NSFDC shall notionally allocate funds to the SCAs, in proportion to the Scheduled Castes population of the country represented by the respective State/UT Administration. The SCAs are, in turn, required to further make district-wise allocation in accordance with the same principle.

(ii) The status of Notional Allocation vis-à-vis Actual for each financial year, shall be reviewed by on quarterly basis, by 10th of subsequent months, and in case allocated funds have not been availed by any SCA, the funds earmarked for the SCA may be re-allocated to other State(s)/UT(s)

16. NSFDC shall have the right to appoint at least one nominee Director on the Board of Channelising Agency. The Channelizing Agency shall make necessary provision for the same in their bye-laws.

17. **<u>DISBURSEMENT OF FUNDS</u>**

Funds for the sanctioned projects/schemes are released by NSFDC and are generally subject to:

(i) A written requisition by the SCA(s) for release of funds for the implementation of the scheme.

(ii) Arrangement of State Government Guarantee Deed/Government Order/Government Assurance/Bank Guarantee issued by a Nationalised Bank.

(iii) The SCA shall confirm in writing that the sanctioned schemes have been widely publicized and beneficiaries selection is in progress and is likely to be completed in time.

(iv) Submission of Accepted Copy of 'Letter of Intent' (LOI), duly signed on all the pages by an authorised representative of the SCA(s), in token of acceptance of all terms and conditions contained in the LOI.

(v) Submission of satisfactory status of overall/scheme-wise utilisation of funds (as per prescribed format), already released by NSFDC i.e. overall cumulative utilization %age should not be less than 80% at the end of preceding month for disbursement of funds till February end. However, utilization level of 80% may be considered at the end of preceding day for disbursement of funds in the month of March.

(vi) Satisfactory level of repayment of dues of NSFDC (overdues payable to the NSFDC should not be outstanding more than one year at the end of the preceding financial year).

(vii) Tying up of Subsidy, Margin Money Loan and Promoter's Contribution etc. by the Channelising Agency.

(viii) Identification of Assets and Suppliers as per selected/proposed beneficiary's choice and in conformity to the terms and conditions of sanction.

18. The State Channelising Agencies shall avail disbursements under sanctioned schemes in maximum three instalments within a period of one year from the date of sanction and remaining units/funds, if any, shall be treated as cancelled and the schemes shall be closed at the existing level of implementation.

19. Advertisements for the scheme should carry the message that NSFDC is one of the financiers of the scheme.

20. Channelising Agency should ensure that prior to sanction of financial assistance to beneficiary(ies), the names of legal heir(s) of the beneficiary(ies) are obtained so that assets/liabilities are taken over by legal heir(s) in the event of death of the beneficiary(ies).

21. The Channelising Agency shall also comply with special conditions stipulated in 'Letter of Intent' (LOI) and any other condition(s) that the Chairman-cum-Managing Director of NSFDC may deem fit to stipulate during the currency of the loan.

22. Separate Books of Accounts shall be maintained for loan assistance received under Term Loan Scheme by the SCA(s).

23. General Loan Agreement executed between NSFDC & SCA and State Government Guarantee Deed/Government Order/Guarantee Assurance/Bank Guarantee issued by a Nationalized Bank provided to NSFDC shall cover the financial assistance to be provided by NSFDC under the scheme.

24. The second time loan may be considered for eligible SC beneficiaries, if they have availed first time loan under any of the NSFDC Scheme. The second time loan will be subject to :

   (a) Full repayment of the earlier loan, and

   (b) Certification of actual assets creation through first loan and successful running of the business by the SCAs/CAs.

25. The verification of eligibility criteria shall be the sole responsibility of the SCAs. NSFDC shall, however, be entitled to re- verify the eligibility of the applicants, if it so desires.

*****

GENERAL LOAN AGREEMENT FOR AVAILING FINANCE FROM THE NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION

MEMORANDUM OF AGREEMENT made between …… ………………………………………………………………………………… (Name of the Channelising Agency) having its registered/principal/head office at ………………………………………………….. …… ……………………….. (hereinafter referred to as "the Channelising Agency" of the one part and the National Scheduled Castes Finance and Development Corporation registered under Section of the Companies Act, 2013 (formerly Section 25 of the Companies Act, 1956 a company not for profit) having its Registered Office at 14th Floor, SCOPE Minar, Core 1 & 2, Laxmi Nagar District Centre, Laxmi Nagar, Delhi – 110 092 (hereinafter referred to as "NSFDC") of the other part.

WHEREAS

I. The Channelising Agency is desirous of granting loans and advance to members of Scheduled Castes for the purpose of income generating viable economic projects/schemes set up / to be set up and for such other activities as may be approved by NSFDC.

II. The Channelising Agency has requested the NSFDC to finance such loans and advance for income generating viable economic activities run/to be run by members of Scheduled Castes on terms and conditions to be mutually agreed upon.

III. The NSFDC has agreed to these proposals which may be with such modifications as NSFDC may deem fit and proper.

The terms of the Channelising Agency's application in respect of the said financial assistance will constitute basis of this Agreement and of the finance granted hereunder NOW IT IS HEREBY AGREED by and between the parties hereto as follows:

1. The NSFDC may sanction financial assistance to the Channelising Agency in the form of loans and advances (hereinafter referred as the said financial assistance) to match with the amount granted to the Channelising Agency whether before or after the date on this agreement for income generating economic activities, schemes/projects appraised, approved and agreed to be financed by NSFDC on such terms and conditions including the rate of interest/service charges as the NSFDC may from time to time decide.

2. The financial assistance sanctioned by the NSFDC for request of the said loans, seed capital and advances shall be disbursed in

accordance with the schedule of disbursement stipulated by the NSFDC. The said financial assistance shall be repaid by the Channelising Agency in accordance with the schedule of repayment indicated by the NSFDC. The said schedule of disbursement and of repayment may be varied by mutual agreement.

3(a). The loan component of the said financial assistance shall carry interest at the minimum rate of 3% p.a. and the seed capital component shall carry service charge at the minimum rate of 1% p.a. for a period of 5 years and thereafter it will be treated as a loan component and carry interest at the rate of aforesaid and all other terms and conditions as are applicable to loan component shall apply thereto. Provided that the Channelising Agency shall pay such higher rate(s) of interest and service charges as are fixed by NSFDC from time to time with the minimum lending service charges / rates mentioned hereinabove. The higher revised rate(s) of the interest / service charges shall become effective from the date(s) intimated by NSFDC to the Channelising Agency in writing. Such revised higher rate(s) of interest fixed by NSFDC shall not at any point of time exceed the rate of interest at which term loans are advanced by Commercial Banks. All dues shall be payable on quarterly basis on 31st March, 30th June, 30th September and 31st December every year.

3(b) Interest to be charged by Channelising Agency from ultimate beneficiaries shall not exceed 6% p.a. (for amount of loan up toRs.5.00 lakh), 8% p.a. (for amount of loan above Rs.5.00 lakh and up toRs.10.00 lakh), 9% p.a. (for amount of loan above Rs.10.00 lakh and up toRs.20.00 lakh) and 10% p.a. (for amount of loan above Rs.20.00 lakh & up toRs.27.00 lakh) as per the existing Lending Policy of NSFDC. For the sake of convenience, the interest is collectively used hereinafter both for interest and service charges.

Provided that in the event of increase in the rate(s) of interest:

(i) In such event Channelising Agency may charge interest by adhering to equal increase in rate of interest charged from the ultimate beneficiaries.

(ii) The Channelising Agency shall have an option to prepay the loan to NSFDC forthwith on receipt of such information the entire outstanding of the loan together with all outstanding interest thereon.

(iii) In the alternative to (ii) above the Channelising Agency shall have an option to make such prepayment together with interest at the increased rate(s) as intimated, at any time during a period of two years after receipt of such intimation.

4. Channelising Agency shall arrange the Guarantee of the State/UT Government of ……………………….. or a Guarantee of a Nationalised Bank approved, by NSFDC for timely repayment of instalments of term loan and seed capital assistance sanctioned under this Agreement together with interest thereon and other moneys as may become due and payable by the Channelising Agency in terms of this Agreement. The Guarantee may be invoked by NSFDC in the event of default by Channelising Agency either for the whole amount advanced under this Agreement or for the part amount advanced under this Agreement.

5. The Channelising Agency shall hold the securities mentioned in the Channelising Agency's application (including the properties particulars whereof are given in the security documents) as security for the said financial assistance.

6. The Channelising Agency agrees and undertakes that if and whenever it realizes the said securities (including the properties) referred to in Clause 5 above or any part thereof, it shall forthwith pay over to NSFDC all such realization to the extent required to repay the Channelising Agency's obligations hereunder and shall, pending such payment, hold all sums so realized for and on behalf of the NSFDC.

7. The Channelising Agency agrees :

(a) that it shall not allow any operation inconsistent with the said financial assistance or likely to jeopardize the said financial assistance;

(b) to inspect periodically the schemes / projects of the beneficiaries and to submit a report of such inspections to the NSFDC, on a monthly basis during implementation and thereafter on quarterly basis unless otherwise required by the NSFDC, indicating the progress made by the schemes / projects and whether the said financial assistance have been utilized by the beneficiaries for the purpose for which they were granted;

(c) to furnish to the NSFDC all such information as the NSFDC may require from time to time regarding the beneficiaries;

(d) the NSFDC shall ensure that the ultimate beneficiaries of the scheme(s) / project (s) are well within the eligibility criteria laid down by NSFDC. The Channelising Agency shall provide a list of beneficiaries by mentioning their names, family income, addresses and castes alongwith necessary certificates.

8. The Channelising Agency agrees that notwithstanding anything contained in this Agreement, the NSFDC shall have the right by notice in writing to requires the Channelising Agency forthwith to discharge in full or in part its liabilities to the NSFDC in respect of any of the said financial assistance provided by the NSFDC. Whether due or not, upon the happening of any of the following events, viz :

(a) The Channelising Agency committing any default in making any payment or repayment in accordance with this Agreement or any other Agreement between the Channelising Agency and the NSFDC.

(b) The Channelising Agency committing any breach of default in the performance or observance of this Agreement and/or the provisions of financing schemes of NSFDC and or any instructions issued by the NSFDC from time to time.

(c) The Channelising Agency's application or any enclosure thereto containing any false or untrue statement or information, turning out to be wrong or untrue as a result of supervening circumstances. On the questions whether any of the above event has happened, the decision of the NSFDC shall be final, conclusive and binding on the Channelising Agency.

9. The Channelising Agency shall, notwithstanding any enquiry made by or information furnished to the NSFDC in respect of the credit of its constituents, remain always liable as a principal debtor to the NSFDC for the due repayment of any finance granted by the NSFDC of the said

financial assistance. The Channelising Agency agrees that in case it fails to repay on due date(s) the instalments of principal and / or interest accrued thereon, it shall be liable to pay gross interest compounded as per schedule of payment / repayment.

10. The Channelising Agency shall furnish Guarantee from State / UT Government or any other Institution as agreed to by NSFDC indicating that repayment of loan and interest/service charges thereon shall be made as stipulated in the schedule of repayment and interest / service charges of each scheme (s) / project(s).

11. Channelising Agency agrees that in the event of default of repayment of principal and interest thereon, Channelising Agency will pay to NSFDC, liquidated damages at the rate being the difference between the rate of interest charged by Commercial Banks on term lendings and the interest rate stipulated herein as agreed that NSFDC would suffer this loss in the event of default.

12. The Channelising Agency shall repay the dues in time and if the dues are not paid in time, a show cause notice be issued by NSFDC to the Channelising Agency for asking the Channelising Agency to submit the reasons within a month as to why the financial assistance should not be recalled. If no communication is received within a month from the Channelising Agency, the NSFDC has the liberty to take necessary action including invocation of Guarantee in part or full and will presume that the Channelising Agency has no reasons to submit.

13. The Channelising Agency agrees that NSFDC shall have right to appoint / change and / or withdraw from time to time atleast one Director on the

Board of Directors of the Channelising Agency at any time during the currency of this Agreement.

14. The instructions/circulars issued by the NSFDC from time to time and the Letters of Intent of various scheme(s) / project(s) sanctioned / to be sanctioned shall be deemed to form part of this Agreement.

15. Channelising Agency shall take prior approval from NSFDC in case of engaging consultant(s) for the execution of scheme(s)/ project(s).

16. In case of cost over run of scheme(s) / project(s), Channelising Agency shall arrange required funds to the satisfaction of NSFDC.

17. Any advertisements related to scheme(s) / project(s) with the financial assistance from NSFDC would cover the name of NSFDC to the effect that scheme(s) / project(s) is/are financed by NSFDC.

18. This Agreement shall become binding on the Channelising Agency and the NSFDC on and from the date of last party signing the Agreement and it shall be in force till all the amounts due and payable under this Agreement are fully paid off.

19. That any dispute arising between parties hereto shall be referred to the sole Arbitrator to be appointed by the Chief Executive of NSFDC and the decision / award of such Arbitrator shall be binding upon the parties hereto.

20. That the Delhi Courts will have the sole and exclusive jurisdiction to decide the issue of any dispute between the parties hereto.

IN WITNESS WHEREOF the Channelising Agency has caused its Common Seal to be affixed hereto and to a duplicate hereof and NSFDC have caused the same and the said duplicate to be executed by the hand of Shri ....as hereinafter appearing.

1. THE COMMON SEAL OF THE

Channelising Agency has pursuant to the Resolution of ts Board of Directors passed in that behalf on the _____day of (month and year) hereunto been affixed in the presence of Shri.., Director and Shri.................., Director who have signed these presents in token thereof and Shri …………………………, Secretary/ Authorised person, who has signed / countersigned the same in token thereof.

2. SIGNED AND DELIVERED BY the within named NSFDC by the hand of Shri....................................., an authorized official of NSFDC.

DEED OF BANK GUARANTEE

THIS DEED OF GUARANTEE EXECUTED at this ……… day of (Month and Year by ………………………………………………. (the name and address of the Bank) (hereinafter referred to as the “Guarantor”) which expression shall unless it be repugnant to the subject or context thereof, include its successors in office.

IN FAVOUR OF

NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION, a Government of India Undertaking incorporated under Section 8 of the Companies Act, 2013 (formerly Section 25 of the Companies Act, 1956 a company not for profit), having its Registered Office at 14th Floor, SCOPE Minar, Core 1 & 2, Laxmi Nagar District Centre, Laxmi Nagar, Delhi – 110 092 (hereinafter referred to as “the NSFDC”) which expression shall unless it be repugnant to the subject or context thereof, include its successors and assigns.

WHEREAS

(I) NSFDC has agreed to provide term loan/seed capital assistance to ………. ……………………………………………….(Name & Address of Channelising Agency) for setting up various income generating schemes as per the Loan Agreement dated ………. made between NSFDC and …………………. ………………………………………………. …………………………………………………. (Name of Channelising Agency) (hereinafter called the "Loan Agreement").

(II) AND WHEREAS it has been stipulated by NSFDC in the Loan Agreement that ………………………………………………………., (Name of Channelising Agency) shall furnish NSFDC with a Bank Guarantee by a Scheduled Bank for a sum specified herein as security for compliance with repayment obligations in accordance with the terms and conditions contained in the above Agreement and which have also been noted by the Guarantor.

(III) AND WHEREAS the Guarantor in consideration of NSFDC having agreed to give the aforesaid loan, at the request of ………………………………. (Name of Channelising Agency), have agreed to give Guarantee for the repayment of the sum of Rs…………….(Rupees ………………………………….) in accordance with the terms and conditions contained in the said Loan Agreement.

NOW THIS DEED WITNESSETH AS FOLLOWS:

The Guarantor hereby unconditionally and irrevocably guarantees to and agrees with NSFDC as follows:

(1) That ………………………………………………………………… (Name of Channelising Agency) shall duly and punctually repay in accordance with the terms and conditions of the Loan Agreement instalment of the loan amount together with interest, costs, service charges and all other moneys whatsoever payable by ……………………………………………………..........(Name of Channelising Agency) under the Loan Agreement.

(2) The Guarantor hereby covenants that in the event of any default on the part of ……………………. ……………………………………… (Name of Channelising Agency) in repayment of any of the instalment(s) of principal and payment of interest, service charges or other moneys in terms of the aforesaid Loan Agreement, the Guarantor immediately on receipt of the first written demand from NSFDC declaring ……………………………………………. (Name of Channelising Agency) to be in default under the Loan Agreement, pay to NSFDC without cavil or argument any sum or sums as specified by NSFDC with the limit of Rs…………… plus interest, service charges, costs and other charges thereon without NSFDC needing to prove or show, grounds or reasons for their payment of the sum specified therein.

The Guarantee herein contained shall be a continuing one and shall remain in full force and effect and valid until the time the entire amount of principal together with liquidated damages, costs, charges and other moneys aforesaid is paid either by ………………………………………………… (Name of Channelising Agency) or by the Guarantor.

IN WITNESS WHEREOF the within named Guarantor has executed these presents by the hand of Shri ………………………….. its..........................authorised official on the day, month and year first herein above written.

SIGNED AND DELIVERED

FOR AND ON BEHALF OF THE

GUARANTOR

BY THE HAND OF

Shri

(Name and Designation)

Its constituted attorney

Duly authorised official

DEED OF BLOCK GOVERNMENT GUARANTEE

THIS DEED OF GUARANTEE executed at ……………………….this ……. day of (Month & Year) by the President of India/the Governor of the State/ UT of ………………………………………………………. (hereinafter referred to as “The Guarantor”) which expression shall unless it be repugnant to the subject of context thereof, include its successors in office.

IN FAVOUR OF

NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION, a Government of India Undertaking incorporated under Section 8 of the Companies Act, 2013 (formerly Section 25 of the Companies Act, 1956 a company not for profit) having its Registered, Administrative & Head Office at 14th Floor, SCOPE Minar, Core 1 & 2, Laxmi Nagar District Centre, Laxmi Nagar, Delhi – 110 092 (hereinafter referred to as “the NSFDC”) which expression shall unless it be repugnant to the subject or context thereof, include its successors and assigns.

WHEREAS:

(1) The………………(Name & Address of Channelising Agency) (hereinafter referred to as the “Channelising Agency”) intends to undertake various projects for the benefit of Scheduled Castes community people in the State/UT of ……………………………………………………… .

(2) The Channelising Agency intends to obtain from the NSFDC loans / Seed Capital Assistance up toRs………………… (hereinafter referred to as the said loans) for implementation of the project(s) embodied in the Loan Agreement already executed between NSFDC and Channelising Agency on ………. (Date of Loan Agreement) for the said loans (hereinafter referred to as the Loan Agreement).

(3) NSFDC will sanction loan to the Channelising Agency for each scheme / project after proper appraisal of project / scheme and requirements of funds therefore on such terms and conditions as may be stipulated by the NSFDC and accepted by the Channelising Agency in this behalf, and as such the sanction and disbursement of the loans are linked with the projects sanctioned by the NSFDC within the overall limit of Rs..... hereinafter mentioned and each loan is to be treated separately in so far as the schedule of repayment of principal and payment of interest / service charges and maintenance of accounts both by the NSFDC and the Channelising Agency are concerned.

(4) NSFDC has stipulated in the said Loan Agreement that the repayment of the principal of the loan sanctioned by the NSFDC to the Channelising Agency for each project / scheme together with interest / service charges at the rate stiputlated therein within the overall limits of Rs………. (Rupees …………………………….) herein before mentioned & guaranteed by the Guarantor in the manner hereinafter appearing.

(5) The Guarantor has now at the request of the Channelising Agency agreed to furnish such Guarantee in favour of the NSFDC as hereinafter mentioned.

I. **<u>NOW IT IS HEREBY TO BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:</u>**

(1) That to enable the Channelising Agency to obtain from NSFDC the said loans on the terms and conditions contained in the Loan Agreement for implementing the scheme(s)/project(s) and in consideration of the aforesaid promises, the Guarantor hereby fully unconditionally and irrevocably guarantees to the NSFDC the due repayment by the Channelising Agency to the NSFDC of each loan sanctioned by the NSFDC for the project(s)/scheme(s) mentioned in the said Loan Agreement within the overall limit of Rs._hereinabove mentioned and the due payment of interest by the Channelising Agency to the NSFDC on that loan or instalment/instalment(s) thereof as shall become due and payable in respect of that loan and in the event of the Channelising Agency's failure to repay that loan or any part or parts thereof and/or to pay any interest/service charges that will become due, and payable and remain due and unpaid by the Channelising Agency to the NSFDC, the Guarantor shall on demand by NSFDC pay the same to the NSFDC.

(2) That NSFDC shall give intimation to the Guarantor of the sanction of each loan to the Channelising Agency and the terms and conditions

thereof as accepted by the Channelising Agency and on such intimation it shall form the part of the said Loan Agreement.

(3) That the Guarantee hereby given shall be a continuing Guarantee for all amounts advanced and or to be advanced by NSFDC to the Channelising Agency from time to time to the extent and up tothe limit of the amount agreed to be advanced under the aforesaid Loan Agreement together with the interest/service charges at the stipulated rate and costs charges and other moneys payable to NSFDC by the Channelising Agency and shall not be considered satisfied by any payment or liquidation at any time or times hereafter of any sum or sums of money for the time being due under the aforesaid Loan Agreement or any of them by way of principal or interest but shall extend to cover & be a security for all future sums at any time to time due thereafter under the said Loan Agreement. AND this Guarantee shall continue until all the dues of the NSFDC under the said Loan Agreement have been paid in full or otherwise fully discharged by the Guarantor to the satisfaction of the NSFDC irrespective of any part payment or payments. This Guarantee is a revolving and continuing Guarantee up tothe aforesaid overall limit of Rs……………………………

(4) That the Guarantor do hereby consent to the NSFDC making any variance that it may think fit in any of the terms of the said Loan Agreement at any time hereafter and agrees that such variance shall not in any way affect the liability of the Guarantor under the Guarantee hereby given.

(5) That any neglect or the forbearance of the NSFDC in enforcing the payment or repayment to it of any of the loans of any

instalment/instalments thereof or interest/service charges thereon under the said Loan Agreement, payment or repayment whereof is intended to be hereby secured or giving of time by NSFDC for the payment of repayment thereof shall not in any way release the guarantor of his liability under the Guarantee hereinbefore contained.

(6) The Guarantor hereby agrees and declares that the NSFDC will not be bound or compelled to take any proceedings whatsoever against the Channelising Agency for recovery, enforcement or realization of any of the dues of the NSFDC from or against the Channelising Agency, under or in pursuance of the said Loan Agreement before calling upon the Guarantor to pay any such dues to the NSFDC under and in pursuance of the Guarantee hereby given so that Guarantor shall be liable and bound to pay all such dues to the NSFDC as shall be or become due and payable by the Channelising Agency as if the Guarantors were the principal debtor notwithstanding that no proceedings whatsoever shall have been taken by the NSFDC against the Channelising Agency for recovery enforcement or realization of any dues.

(7) That any amount intimated by the NSFDC as outstanding against the Channelising Agency in respect of any loan advanced for any project(s)/scheme(s) or in respect of all the project(s)/scheme(s) under the said Loan Agreements shall be conclusive and binding against the Guarantor and shall not be questioned by the Guarantor.

(8) That in the event of default in the payment of any instalment of principal and/or interest/service charges or breach of any of the terms and conditions of any loan by the Channelising Agency, the NSFDC may without prejudice to its other rights recall loan or all the outstanding

loans under the said Loans Agreement and in the event of failure on the part of the Channelising Agency to make payment as required by the NSFDC, the Guarantor shall pay forthwith the amounts as and when demanded by the NSFDC.

I. The Guarantor do hereby declare that the Guarantee hereby given by the Guarantor is within the limits fixed/no limit has been fixed by the legislature of the State of ……………. under Article 293(1) of the Constitution of India.

II. The stamp duty, if any, payable on this Deed of Guarantee is to be borne by the State Government the Guarantee herein.

IF WITNESS WHEREOF the within named Guarantor has caused these presents to be executed by the hand of Shri …………….. (Name & Designation) its authorized official on the day, month and year first hereinabove written.

SIGNED AND DELIVERED FOR	}	for and on behalf of the
And on behalf of the Governor of the	}	Governor of the
State of ………. by hand of	}	State of _______________
Shri…………………………………	}	
(Name & Designation)	}	(Name & Designation)
Its authorized official.		

}

In the presence of

1.

2.

LENDING POLICY FOR PSBs/RRBs

NSFDC LENDING POLICY FOR PUBLIC SECTOR BANKS/REGIONAL RURAL BANKS

(With effect from 25.3.2021)

1. ORGANISATION

National Scheduled Castes Finance and Development Corporation (NSFDC) (An ISO 9001:2015 Certified Company as well as MoU signing company) is a fully owned Government of India Undertaking under the Ministry of Social Justice and Empowerment, Government of India and is managed by a Board of Directors. NSFDC is a Section-8 Company (not for profit) registered under the Companies Act, 2013 (formerly Section 25 Company under the Companies Act, 1956) that was set up by the Government of India in 8th February, 1989 with the objective of working for economic empowerment of persons belonging to Scheduled Castes, having annual family income up to Rs. 3.00 lakh.

2. BROAD OBJECTIVE

The broad objective of NSFDC is to provide financial assistance for the economic empowerment of persons belonging to the Scheduled Caste having annual family income up to Rs.5.00 lakh including their skill upgradation.

3. OPERATIONS

a) Financing income-generating schemes for the eligible persons belonging to Scheduled Caste families through the Channelizing Agencies (CAs) that include agencies promoted and/or wholly owned by the Government of India/States/UTs, Public Sector Banks and Regional Rural Banks.

b) Providing funds to the CAs under various schemes of NSFDC on refinance/reimbursement or project lending basis to the eligible target group.

c) Providing educational loan to the eligible target group through the CAs.

d) Providing loan for vocational education and training courses through the CAs.

e) Providing grants for skill development training programmes.

f) Providing advisory services to target group and CAs.

g) Upgrading the skill levels of the CAs.

h) Arranging exhibitions-cum-fairs for marketing the products of beneficiaries.

4. NSFDC-CHANNELIZING AGENCY RELATIONSHIP

The associated Bank is to act as Channelizing Agency (CA) of NSFDC in respective State/UT. The relationship between NSFDC and the CA shall be governed and guided by contractual relationship between the parties strictly in accordance with the NSFDC Lending Policy and the terms and conditions of the Agreement.

5. ELIGIBILITY CRITERIA

a) The beneficiary(ies) should be from the Scheduled Caste community.

b) Individuals, Partnership Firms and Co-operative Societies are eligible to undertake income generating activities. However, proposals submitted by Partnership Firms and Co-operative Societies shall be considered subject to the following:

 i) All the members of Partnership Firms/Co-operative Societies belong to Scheduled Caste community.

 <u>ii) Annual Family income of each member/applicant is upto Rs.3,00,000/-</u>

Note: The verification of eligibility criteria shall be the sole responsibility of the CAs. NSFDC shall, however, be entitled to re-verify the eligibility of the applicants, if it so desires.

QUANTUM OF ASSISTANCE

NSFDC provides loans upto 90% of the Project Cost under project finance except Vocational Education and Training Loan Scheme (VETLS) where NSFDC share is upto 100% of the unit cost. <u>Under refinance mode, NSFDC share will be upto 100%.</u> However, under the Central-Sector Scheme of Special Central Assistance to the Scheduled Castes Sub Plan, the Below Poverty Line (BPL) beneficiaries are eligible for subsidy @ Rs.10,000/- or 50% of the unit cost, whichever is less. Wherever the beneficiaries are not provided subsidy, the CA(s)/Beneficiary(ies) shall provide their contribution.

6. SOCIAL PRIORITIES

Further, the CA(s) shall endeavor to cover target groups in accordance with the priorities laid down as under:

(a)	Educated unemployed/under-employed	50%
(b)	Women	40%
(c)	Others	10%

7. SECTORAL PRIORITIES

The CA(s) shall endeavor to achieve sectoral priorities in accordance with the percentages listed below:

	Sectors	Allocation
(a)	Agriculture & Allied	50%
(b)	Service	40%
(c)	Industry	10%

8. PROCEDURE FOR AVAILING ASSISTANCE

CA(s) may avail funds under both the modes, i.e. refinancing/reimbursement and project-based lending for implementation of the NSFDC schemes:

a) **Under re-financing/reimbursement** mode, the CA(s) shall send the project/scheme-wise details of beneficiaries financed by the CA(s) in the prescribed format who fulfill the eligibility criteria for lending under the NSFDC schemes. NSFDC shall appraise the proposals as per its lending policy revised from time to time. NSFDC may disburse the funds to the CA(s) for the sanctioned proposals. In order to become eligible for re-finance, the CA(s) shall follow procedure given below:

   i) **Under re-financing/reimbursement, CA(s) can avail funds under the Schemes of NSFDC, having outstanding balance from Rs.10,000/-to Rs.45.00 lakh per account as on the date**

of claiming refinance. The maximum project cost limit will be Rs.50.00 lakh per unit as per the existing lending policy of NSFDC for PSBs/RRBs.

ii) **The refinance would be allowed to the CAs retrospectively to cover the entire outstanding standard SC loan portfolio of the Bank as on the date of refinance claim.**

iii) CA(s) shall select the applicants as per the eligibility criteria of NSFDC.

iv) Selection/rejection of the loan applications shall be communicated to the applicants.

v) In selection of assets (within the sanctioned parameters), choice of beneficiaries shall be a prime consideration.

vi) CA(s) shall appraise the proposal with a view to ensure that the project/activity is viable and the beneficiary has entrepreneurial capabilities to manage the business activity.

vii) The CA(s) shall give preference to the proposals that have provision of convergence with on-going schemes of the Central/State Government that allows beneficiaries to take advantage of subsidies/other benefits flowing from various schemes. In other words, group proposals from areas having concentration of population of the target group, Self-Help Groups (SHG) of Women and collectives/Clusters etc. would be preferred.

viii) CA(s) shall submit scheme-wise details of the projects/activities financed under NSFDC schemes in the prescribed format **(Annexure-I).**

ix) NSFDC shall appraise the proposals, issue Letter of Intent (LOI) for approved proposals and disburse funds to the CA(s) on completion of pre-requisite formalities for disbursement of funds given at para 10 of this Lending Policy.

x) The CA(s) shall switch-over the individual loan accounts of the beneficiaries under NSFDC schemes within 30 days from the date of disbursement by NSFDC. The CAs shall inform the same to NSFDC in the prescribed format **(Annexure-II).** The amount re-financed by NSFDC shall be treated as funds utilized.

xi) Switch-over of the individual loan accounts shall be communicated to the beneficiaries on receipt of LOI from NSFDC.

xii) The CA(s) shall recover the installments from the beneficiaries after allowing them stipulated moratorium period.

xiii) There shall be no sanction limit and the eligible refinance in each claim will be sanctioned irrespective of the quantum of amount.

b) **Under project-based financing,** the following procedures shall be adopted:

i) The CA(s) shall sponsor project proposals to NSFDC covering unit cost, means of finance, technical feasibility, financial viability, quotations, wherever applicable, etc.

ii) In case of individual high cost scheme (with NSFDC's share exceeding Rs.5.00 lakh per unit), the CA(s) shall forward the project proposals, along with Field Verification Report giving the findings and recommendation of the Field Officer and an affidavit as per the prescribed format **(Annexure-III)**. The CA(s) shall submit the above documents in addition to the Caste and Income Certificates of the applicants in all cases.

iii) The NSFDC shall scrutinize and appraise the project proposals as per the Lending Policy and issue Letter of Intent.

iv) The CA(s) shall request NSFDC for disbursement of funds. The NSFDC shall disburse funds to the CA(s) on completion of prerequisite formalities given at Para 10 of this Lending Policy.

v) CAs shall implement the schemes as sanctioned by NSFDC.

vi) Funds disbursed by NSFDC shall be utilized by the CA(s) as per the Para 12 of this Lending Policy.

vii) Selection of the beneficiaries shall be made by CA(s) in proportion to the sanctioned units with adequate wait-listing on first come first served basis.

viii) CA(s) shall issue a Sanction Letter to the beneficiaries concurrently with the disbursement of funds by NSFDC/issuance of LOI by NSFDC, provided all the prudential norms for disbursement of funds are duly complied by the CA(s).

ix) The CA(s) shall recover the instalments from the beneficiaries after allowing them stipulated moratorium as stated in the LOI.

x) In selection of assets (within the sanctioned parameters), choice of beneficiaries shall be a prime consideration.

xi) The CA(s) shall give preference to the proposals that have provision of convergence with on-going schemes of the Central/State Government that allows beneficiaries to take advantage of subsidies/other benefits flowing from various schemes. In other words, group proposals from areas having concentration of population of the target group, Self-Help Groups (SHG) of Women and collectives/Clusters etc. would be preferred.

xii) The CA(s) shall endeavor to link subsidy from concerned authorities with NSFDC loan component to reduce the loan burden on beneficiaries eligible for such subsidy from time to time.

xiii) CA(s) shall disburse funds to the beneficiaries after receipt of funds from NSFDC.

xiv) CA(s) shall charge interest rate from the beneficiaries as per norms of NSFDC.

xv) CA(s) shall widely publicize the schemes sanctioned by NSFDC.

9. DISBURSEMENT OF FUNDS

Funds for the sanctioned projects/schemes shall be disbursed by NSFDC subject to fulfillment of the following conditions:

a) Requisition by the CA(s) for disbursement of funds for the implementation of the scheme.
b) Submission of Accepted Copy of Letter of Intent (LOI), duly signed and stamped by an authorized signatory of the CA(s) on all the pages as token of acceptance of all terms and conditions stipulated in the LOI.
c) Submission of status of overall/scheme-wise utilization of funds (as per prescribed format), already disbursed by NSFDC (overall cumulative utilization % age should not be less than 80% as at the end of preceding month, under project-based schemes).
d) There should not be any overdues payable to NSFDC at the time of disbursement.
e) Besides above, the following conditions are to be fulfilled by the Regional Rural Banks based on their Annual Accounts.

(i) Net NPA must be less than 15% in at least 3 years out of last 6 years preceding to the year of disbursement.

(ii) The RRB must be in profit (net profit) for at least in 3 out of last 6 financial years preceding to the year of disbursement.

(iii) The cumulative utilization level of earlier disbursements shall be 80% as at the end of preceding month for disbursement of funds till February end. However, for disbursement of funds in the month of March utilization level of 80% will be considered at the end of preceding day of disbursement.

(iv) There shall be no overdue in payments against demand of earlier disbursals.

(v) In case of amalgamated/merged entities, NPA norms of previous years of dominant partner of RRB retained with the same sponsor Bank will be considered. CA(s) should not be defaulter of any Regulatory Body.

(Sl No. (i) to (v) above from 1.4.2020 to 31.03.2022)

10. IMPLEMENTATION OF THE APPROVED SCHEME(S)

Under both the modes of financing, i.e. re-financing/reimbursement and project-based financing, schemes are to be implemented strictly as per the terms and conditions given in the LOI.

11. FUNDS UTILISATION

(a) Under project-based financing, CA(s) shall utilize funds disbursed as per NSFDC Lending Policy as amended from time to time. Under project-based financing, presently, the fund utilization period for the funds drawn from the NSFDC is 120 days from the date of disbursement of funds.

Under the project-based financing, the CA(s) shall send scheme-wise Quarterly Progress Report (QPR) on the utilization of the NSFDC funds as per the prescribed format **(Annexure-IV).**The CA(s) shall send scheme-wise Quarterly Progress Reports within 180 days from the date of disbursement. The QPR must reach NSFDC within 10 days from the close of each quarter failing which the same shall be treated as default by the CA(s). NSFDC funds actually disbursed by the CA(s) to the beneficiaries or advanced to the suppliers towards procurement of assets under the approved schemes shall only be considered as funds utilized.

(b) Under refinancing/reimbursement mode, CA(s) shall switch-over the individual loan accounts of the beneficiaries under NSFDC schemes within 30 days from the date of disbursement by NSFDC. The CAs shall inform the same to NSFDC in the prescribed format. The amount refinanced by NSFDC shall be treated as funds utilized.

12. RIGHT TO RECALL THE LOAN

If at any time, in the opinion of NSFDC, CA(s) has failed to observe or fulfill any of the terms and conditions stipulated in the Agreement on the occurrence of any event or circumstances which, in the opinion of NSFDC would or is likely to prejudicially or adversely affect in any manner the capacity of CA(s) to repay the amount of the said assistance and interest thereon, in the manner aforesaid notwithstanding any provisions contained herein in connection with the time/period of the repayment of the amount of the said assistance and interest, CA(s) shall be liable to repay to NSFDC in one lump-sum the outstanding principal of the said assistance and interest thereon and NSFDC shall be entitled to recall the entire outstanding amount of principal and interest from CA(s).

14. REPAYMENT OF LOAN

NSFDC shall send quarterly/half yearly demand notice to CA(s) to facilitate prompt repayment of the amount of assistance as per the Lending Policy/repayment norms. It shall be the responsibility of CA(s) to ensure repayment of the amount of assistance and payment of interest due by the due dates. Non-receipt of a demand notice from NSFDC shall not be a reason for non-payment of the amount of assistance and interest thereon in the manner aforesaid by the due date.

15. DEFAULT IN REPAYMENT

The CA(s) shall agree that notwithstanding anything stipulated in the signed Agreement, NSFDC shall have the right by notice in writing to require CA(s) forthwith to discharge in full or in part its liabilities to NSFDC in respect of any of the said financial assistance provided by the NSFDC whether due or not upon the happening of any of the following events viz:

a) CA(s) has committed any default in making any payment or repayment in accordance with the Agreement.
b) CA(s) has committed any breach or default in the performance or observance of the Agreement and/or CA(s)'s application and/or the provisions of financing schemes of NSFDC and or any instructions issued by the NSFDC from time to time.
c) CA(s)'s application or any enclosure thereto contained any false or untrue statement or information or the same turned out to be wrong or untrue as a result of supervening circumstances or even otherwise. On this question whether any of the above events has happened, the decision of the NSFDC shall be final, conclusive and binding on the CA(s).
d) If there is reasonable apprehension that CA(s) is unable to repay its debts or proceedings for taking it into liquidation may be commenced in respect thereof.
e) CA(s) shall be liable to pay NSFDC all costs, legal charges and other expenses, whatsoever NSFDC may incur in the realization of the amount of the said assistance from CA(s).

16. LIQUIDITY DAMAGES ON DEFAULTED PAYMENTS (LDDP)

Defaults in the repayment of NSFDC dues (principal as well as interest) beyond the stipulated/agreed dates of repayment shall attract further interest @ 2% per annum over and above normal rate of interest applicable on the dues as per the Lending Policy of the NSFDC. It shall be levied on cash basis quarterly through a separate demand.

17. APPROPRIATION OF REPAYMENTS

CA(s) shall remain always liable as a principal debtor to the NSFDC for the due repayment of any financial assistance granted by the NSFDC in respect of the said financial assistance. CA(s) shall agree that in case it fails to repay on the due date(s), the installment of principal and/or interest (without rebate) shall be compounded as per schedule of payment/repayment and NSFDC shall be entitled to appropriate the repayment received from the CA(s), first towards the interest and then towards the principal amounts outstanding for the longest period, without any prior intimation to the CA(s).

18. HIGHER RATE OF INTEREST (HRI) ON FUNDS REFUNDED

a) Higher Rate of Interest (HRI) on funds not utilized within stipulated time period and refunded shall be applicable @ 3% p.a. over and above the normal rate of interest charged by NSFDC from CA(s) and it shall be applicable from the date of disbursement to date of refund.

b) NSFDC funds refunded unutilized by the CA(s) even within 120 days shall attract the same HRI as indicated above.

c) The CA(s) shall be exempted from levy of HRI on unutilized funds, if the cumulative funds utilization level is 80% or above as the end of preceding financial year.

19. STANDARD CONDITIONS OF LOANS

In both the modes of financing, i.e. refinancing/reimbursement and project-based financing, the standard conditions shall be as follows:-

a) For any change in the parameters and terms and conditions of the scheme, prior approval of NSFDC shall be obtained by the CA(s).

b) The CA(s) shall form a Project Implementation Committee for monitoring the implementation of the project where NSFDC's nominee would invariably be included.

c) The CA(s) shall ensure that beneficiaries are selected strictly as per the eligibility criteria of NSFDC.

d) Cost over-run, if any, in the scheme shall be borne by the CA(s)/Beneficiary(ies) to the satisfaction of NSFDC.

e) The funds disbursed for implementation of the scheme shall be utilized for the same scheme only and shall not be diverted to any other scheme. The unutilized amount under the scheme, if any, shall be refunded to NSFDC.

f) NSFDC funds disbursed by the CA(s) to the beneficiaries or advanced towards procurement of assets under the projects shall alone be considered as funds utilized. However, funds transferred by the CA(s) to its Branch/District Offices are not considered as funds utilized.

g) The CA(s) shall ensure effective monitoring and periodic flow of information to NSFDC relating to the scheme during the currency of the loan.

h) The CA(s) shall avail disbursements under sanctioned schemes in maximum three instalments within a period of one year from the date of sanction and remaining units/funds, if any, shall be treated as cancelled and the schemes shall be closed at the existing level of implementation.

i) Advertisements for the scheme should carry the message that NSFDC is one of the financiers of the scheme.

j) CA(s) shall ensure that prior to sanction of financial assistance to beneficiary(ies), the names of legal heir(s) of the beneficiary(ies) are obtained so that assets/liabilities are taken over by legal heir(s) in the event of death of the beneficiary(ies).

k) CA(s) shall maintain separate accounts for loan assistance received under various schemes.

l) The CA(s) shall also comply with special conditions stipulated in Letter of Intent (LOI) and any other condition(s) that the Chairman-cum-Managing Director of NSFDC may deem fit to stipulate during the currency of the loan.

20. GENERAL

a) The CA(s) shall take measures to generate adequate awareness amongst the prospective beneficiaries in their service areas by making use of local media and public bodies.

b) Second time loan may be considered to eligible SC persons, if they availed first time loan under any of the NSFDC schemes subject to the condition that (a) earlier loan is fully repaid ; and (b) Certification of actual assets creation through first loan and successful running of the business by the SCAs/CAs.

c) Those who own the assets under NSFDC assistance alone are considered as beneficiaries.

d) In view of the large number of beneficiaries are still to be covered, financial assistance for the existing/sick/closed units shall not be considered.

e) Land based schemes should be composite schemes and, therefore, should not merely be confined to providing land.

f) Under Transport Sector schemes, only one vehicle per beneficiary/ institution shall be considered. The Commercial License shall be a compulsory requirement for such beneficiaries.

g) All necessary documents will be maintained on the records of CA(s). Further, the documents shall be kept in the custody of CA(s) for making available under Right to Information Act, 2005 as and when need arises, and shall be open to inspection by NSFDC or its authorized representative, if required.

h) The CA(s) shall ensure carrying out concurrent monitoring of funded units on regular basis to analyze various parameters of the Schemes such as the asset creation, asset retention, operational assets, repayment performance, crossing of poverty line by beneficiaries, their satisfaction level, etc.

i) The interpretation of any or all provisions of the Lending Policy by the Board of Directors of NSFDC shall be final and binding as to its terms, content, purport and/or implementation.

j) The Board of Directors of NSFDC may from time to time add to, substitute, alter, amend and/or any terms and conditions of the Lending Policy.

k) In case of any disputes or claims under or arising out of the Lending Policy, Courts only at Delhi, to the exclusion of all other Courts, shall have the exclusive jurisdiction.

******

ANNEXURE-I

REFINANCE CLAIM FOR THE BENEFICIARIES ASSISTED BY BANKS

NAME OF PSB/RRB :____________________________________

NAME OF THE SCHEME :____________________________________

PERIOD :From ___________To_________(Date)

(Amount in Rupees)

Sl. No.	Name & Address	Caste	Annual Family Income	**Loan amount**	Proposed NSFDC Share **(outstanding amount)**	Disbursement of Funds				Beneficiaries				**Economic Activity**
						Loan Account Number	Date	Amt	Mode (RTGS/NEFT/Fund Transfer within Bank)	Rural		Urban		
										M	F	M	F	
Total														

Certified that all the beneficiaries covered under the scheme were eligible for assistance as per the eligibility criteria of NSFDC.

(Signature)

Authorized Signatory(Name):

Designation :

ANNEXURE-II

CERTIFICATE OF SWITCH OVER OF LOAN UNDER NSFDC FINANCED SCHEMES

This is to certify that the loan accounts have been switched over from Bank's Interest Rates to NSFDC Rates for the funds of Rs.__________lakh received from NSFDC under__________Scheme (NSFDC LOI No.______________) for ___________beneficiaries/units.

(Signature)
Authorized Signatory
Name & Designation

Place:
Date:

ANNEXURE-III

AFFIDAVIT
(on Stamp Paper of appropriate value)

I________________son/daughter/wife of ____

residing at ____ do hereby solemnly affirm and state on oath as follows:-

3. I, submit that I belong to______________________________(Caste Name) which comes under Scheduled Caste in the State of ______________________________________.
4. Further, I submit that I am not an Income Tax Assessee and that my Annual Family Income is Rs.____________(in words) _________________________ __________from all sources. My family comprises of _________, _________, _______, _______________.
3. The above declaration is given by me for the purpose of obtaining loan under the scheme of ____(CA) and National Scheduled Castes Finance and Development Corporation (NSFDC). In case any of the facts declared by me as above are found incorrect, I fully understand that I am liable for action in accordance with the Lending Policy of CA & NSFDC.

DEPONENT

Identified by me

SWORN TO, BEFORE ME

Place :
Stamp

Date :**(NAME & ADDRESS OF NOTARY)**

[Separate Affidavits of each Member of a Partnership Firm/Co-operative Society etc.]

UTILIZATION CERTIFICATE UNDER PROJECT FINANCE

ANNEXURE-IV

DETAILS OF BENEFICIARIES ASSISTED

NAME OF CHANNELIZING AGENCY :____________________________________

NAME OF THE SCHEME &LOI NO. :____________________________________

PERIOD :From __________To________(Date)

(Rupees in lakh)

Sl. No.	Name & Address	Caste	Annual Family Income	Unit Cost	NSFDC Share	Disbursement of Funds				Beneficiaries				Economic Activity
						Loan Account Number	Date	Amt	Mode (RTGS/NEFT/Fund Transfer within Bank)	Rural		Urban		
										M	F	M	F	
TOTAL (A)														

(B). Add (+): Reported in previous Quarters: Rs.__________lakh

GRAND TOTAL (A+B): Rs.___________lakh

Certified that all the beneficiaries covered under the scheme were eligible for assistance as per the eligibility criteria of NSFDC.

(Signature)

Authorized Signatory
Name:
Designation :

LENDING POLICY FOR NBFC-MFIs

<u>NSFDC LENDING POLICY FOR NBFC-MFIs</u>
(With effect from 01.11.2015)
(Version-2 incorporating revisions approved in 142nd Meeting held on 13.7.2016)
(Version-3 incorporating revisions approved in 148th Meeting held on 23.3.2018)
(Version-4 incorporating revisions approved in 153rd Meeting held on 20.3.2020)

13. ORGANISATION

National Scheduled Castes Finance and Development Corporation (NSFDC) (An ISO 9001:2008 Certified Company as well as MoU signing company) is a fully owned Government of India Undertaking under the Ministry of Social Justice and Empowerment, Government of India and is managed by a Board of Directors. NSFDC is a Section-8 Company (not for profit) registered under the Companies Act, 2013 (formerly Section 25 Company under the Companies Act, 1956) that was set up by the Government of India in February, 1989 with the objective of working for economic empowerment of persons belonging to Scheduled Castes, having annual family income up to Rs. 3.00 lakh[1].

14. BROAD OBJECTIVE

The broad objective of NSFDC is to provide financial assistance for the economic empowerment of persons belonging to the Scheduled Caste families having annual family income up to Rs. 3.00 lakh.

3. ELIGIBILITY CRITERIA FOR NBFC-MFI

The Last Mile Financier i.e. NBFC-MFI fulfilling the following norms shall be considered eligible to avail financial assistance from NSFDC:

a) The NBFC-MFI should be registered with the RBI as Non-Banking Financial Company-Micro Finance Institution (NBFC-MFI).

[1] Income Limit revised in148th Meeting held on 23.3.2018

b) The NBFC-MFI should be following all RBI norms related to Micro Finance.
c) The NBFC-MFI should have 3 years of continuous profit track record.
d) The NBFC-MFI should have Gross Non-Performing Assets (NPA) less than 2 % and net NPA below 0.5% as per their Annual Accounts at the end of the preceding financial year.
e) The NBFC-MFI should be a member of a Credit Bureau.
f) The NBFC-MFI should have minimum Capacity Assessment Rating of mfr5 by CRISIL or its equivalent.
g) The NBFC-MFI should not have defaulted in repayment of outside borrowings in the last three years or undergone a corporate debt restructuring.
h) The NBFC-MFI should have proper system for internal accounting, risk management, internal audit, MIS, cash management, etc. and its annual accounts should have been audited in the last three years.
i) It will be desirable for the NBFC-MFI to have undergone Code of Conduct Assessment (COCA) with a minimum score of 60 or equivalent.

4. ELIGIBILITY CRITERIA FOR TARGET GROUP

a) The beneficiary (ies) should be from the Scheduled Caste community.
b) Annual Family income of the applicants should be up to Rs. 3.00 Lakh.

Note: The verification of eligibility criteria shall be the sole responsibility of the NBFC-MFI. NSFDC shall, however, be entitled to re-verify the eligibility of the applicants, if it so desires.

5. NSFDC & NBFC-MFI RELATIONSHIP

The shortlisted NBFC-MFI fulfilling the eligibility criteria of NSFDC may be appointed to act as Channelizing Agency (CA) of NSFDC in the selected State/UT. The relationship between NSFDC and the NBFC-MFI shall be governed and guided by contractual relationship by signing an Agreement between the parties strictly in accordance with the NSFDC Lending Policy and the terms and conditions of the Agreement.

6. QUANTUM OF ASSISTANCE[i]

A. **NBFC-MFIs under cluster mode**

NSFDC provides loans up to 90% of the Project Cost for units costing up to Rs. 60,000/-. The balance 10% share shall be contributed by the NBFC-MFI and/or beneficiaries.

- **Individual Beneficiaries**: - The maximum loan amount in case of NBFC-MFIs submitting proposals under cluster approach with minimum 100 beneficiaries shall be Rs. 2.00 crore per NBFC-MFI. Further, the Principal outstanding amount shall not be more than Rs.2.00 crore per NBFC MFI at any point of time.
- **SHGs Beneficiaries**: - The maximum loan amount in case of NBFC-MFIs submitting group proposals under cluster approach for Self Help Groups (SHGs) beneficiaries with minimum 100 beneficiaries shall be Rs. 2.00 crore per NBFC-MFI. for new channel partners and Rs. 5.00 crore per NBFC-MFI for channel partners with minimum 3 years of satisfactory relationship with NSFDC. Further, the Principal outstanding amount shall not be more than Rs.2.00 crore/Rs. 5.00 crore respectively per NBFC MFI at any point of time.[2]

B. **NBFC-MFIs under non cluster mode**

NSFDC provides loans up to 90% of the Project Cost for units costing up to Rs. 60,000/-. The balance 10% share shall be contributed by the NBFC-MFIs and/or beneficiaries.

[2] *Approved in the 153rd Meeting of the Board of Directors held on March 20, 2020*

7. INTEREST RATE

The pattern of charging interest under the scheme shall be as follows;

Type of Borrower	NSFDC to NBFC-MFI	Interest Spread to NBFC-MFI	NBFC-MFI to Beneficiaries
Individual	4% p.a. for Women 5% p.a. for Men	8%	12% p.a. for Women 13% p.a. for Men
SHGs[3]	2% p.a. for Women 3% p.a. for Men	8%	10% p.a. for Women 11% p.a. for Men

The Individual beneficiaries from Target Group shall be eligible to get interest subvention of 2% per annum from NSFDC on timely full repayment of dues on yearly basis. The amount shall be credited by NSFDC directly to the account of the Target Group by Direct Benefit Transfer (DBT) after receiving information from NBFC-MFI about prompt repayment made by the Individual beneficiaries of Target Group subject to full repayment made by NBFC-MFI.

8. REPAYMENT PERIOD

The loan amount shall be repaid in quarterly installments within a maximum period of three years and six months[4] from the date of each disbursement including the moratorium period of three months and funds utilization period of 120-days[ii] . There shall not be any moratorium period for payment of interest.

9. SECOND LOAN

On repayment of loan, the eligible beneficiaries can avail further loan under NSFDC scheme(s) from NBFC-MFI or other channelising agencies of the NSFDC.

---

[3] *Approved in the 153rd Meeting of the Board of Directors held on March 20, 2020*

[4] Repayment period revised in148th Meeting held on 23.3.2018

10. SOCIAL PRIORITIES

The Channelising Agency shall endeavor to cover 40% female beneficiaries in physical as well financial terms.

11. PROCEDURE FOR AVAILING ASSISTANCE

The following procedure shall be adopted by the NBFC-MFI for availing funds:

- i) The NBFC-MFI shall sponsor viable project proposals to NSFDC covering unit cost, means of finance in separate group for Male and Female.
- ii) The proposals submitted would be for the need based economic activities preferably in which the target group has practical experience or required capability to manage the business.
- iii) The NSFDC may sanction the project based on internal project appraisal process.
- iv) After receipt of the sanction letter, the NBFC-MFI shall request NSFDC in writing for disbursement of funds. The NSFDC shall disburse funds to the NBFC-MFI on fulfillment of conditions laid down in the agreement between NBFC-MFI and NSFDC and NSFDC's Lending Policy.
- v) NBFC-MFI shall implement the schemes as per NSFDC Lending Policy and the terms and conditions stipulated in LOI.
- vi) Funds disbursed by NSFDC shall be utilized by the NBFC-MFI as per the Para 14 of this Lending Policy.
- vii) Selection of the beneficiaries shall be made by NBFC-MFI as per NSFDC Lending Policy.
- viii) NBFC-MFI shall issue Sanction Letter(s) to the applicants selected for the loans.
- ix) The NBFC-MFI shall recover the installments from the beneficiaries after allowing them stipulated moratorium as stated in the LOI.
- x) The NBFC-MFI shall endeavor to link subsidy from concerned authorities for eligible beneficiaries with NSFDC loan component to reduce the burden loan on the beneficiaries.
- xi) NBFC-MFI shall charge interest rate from the beneficiaries not more than the rate stipulated by NSFDC.

xii) NBFC-MFI shall widely publicize the schemes sanctioned by NSFDC.

12. DISBURSEMENT OF FUNDS BY NSFDC

Funds for the sanctioned projects/schemes shall be disbursed by NSFDC subject to fulfillment of the following conditions:

i) Acceptance of the LOI by returning a copy thereof duly signed and stamped on all the pages by an authorized signatory of the NBFC-MFI as token of acceptance of all terms and conditions stipulated in the LOI.
ii) Written request by the NBFC-MFI for disbursement of funds for the implementation of the scheme.
iii) No pending Utilization of NSFDC fund for more than one year at the end of the preceding financial year.
iv) Overall cumulative utilization percentage of funds disbursed by NSFDC should not be less than 80% at the end of preceding month.
v) No overdues payable to NSFDC at the time of disbursement.
vi) The disbursement to NBFC-MFIs shall be subject to Security.

13. SECURITY[iii]

A. **NBFC-MFIs under cluster mode**

While seeking disbursement from NSFDC, NBFC-MFI shall provide the following security to NSFDC for timely repayment of installments of the loan sanctioned under this Agreement together with interest thereon: -

(a) Bank Guarantee of Public Sector Bank or
(b) Fixed Deposits of Public Sector Bank in the name of "NBFC-MFI account NSFDC" **equivalent to the 50% of amount to be disbursed to them and PDCs in favor of NSFDC for the remaining 50% amount.**

The PDCs shall be obtained in line with the repayment schedule for the scheme. In addition, One undated PDC equivalent to the 50% of amount to be disbursed will be obtained. The PDCs shall be obtained along with PDC covering letter. The format of PDC covering letter shall be legally vetted by the NSFDC's legal counsel.

The validity period of the Bank Guarantee/Fixed Deposit shall continue until all the dues of the NSFDC have been paid in full or otherwise fully discharged by the NBFC-MFI. In case NBFC-MFI has provided Fixed Deposit to the NSFDC, the interest thereon shall be payable to the NBFC-MFI. In the event of default by NBFC-MFI either for the whole or part amount advanced under this Agreement, the Bank Guarantee shall be invoked/the Fixed Deposits shall be encashed by NSFDC.

In case of (b) above, the following additional securities shall also be taken:

- Exclusive first charge by way of hypothecation on all the book debts and receivables of the NBFC-MFI covered under the loan availed from NSFDC.
- Personal Guarantee of promoter Directors of NBFC-MFI.

The Hypothecation deed and personal guarantee shall be obtained as per the standard formats legally vetted by the NSFDC's legal counsel.

This security clause shall be applicable to only those NBFC-MFIs who shall take up projects in cluster mode following value-chain approach with minimum of 100 beneficiaries.

B. **NBFC-MFIs under non cluster mode**

While seeking disbursement from NSFDC, NBFC-MFI shall provide the following security to NSFDC for timely repayment of installments of the loan sanctioned under this Agreement together with interest thereon: -

(a) Bank Guarantee of Public Sector Bank/ Fixed Deposits from Public Sector Bank (PSB)in the name of "NBFC-MFI account NSFDC equivalent to the amount to be disbursed to them or

(b) Upto 50% in the form of mortgage of **Residential/ Commercial property along with personal/corporate guarantee of respective property owner (s) and remaining as** Fixed Deposits of Public Sector Bank in the name of "NBFC-MFI account NSFDC"/Guarantee from Public Sector bank.

The Mortgage deed and personal guarantee shall be obtained as per the standard formats legally vetted by the NSFDC's legal counsel. The valuation of property shall be carried out by valuer appointed by NSFDC. Legal search of property shall also be carried out by NSFDC's legal counsel. The cost of legal and valuation report shall be borne by the NBFC-MFI.

The validity period of the Bank Guarantee/Fixed Deposit shall continue until all the dues of the NSFDC have been paid in full or otherwise fully discharged by the NBFC-MFI. In case NBFC-MFI has provided Fixed Deposit to the NSFDC, the interest thereon shall be payable to the NBFC-MFI. In the event of default by NBFC-MFI either for the whole or part amount advanced under this Agreement, the Bank Guarantee shall be invoked/the Fixed Deposits shall be encashed by NSFDC.

14. FUNDS UTILISATION

(i) NBFC-MFI shall utilize funds disbursed within 120 days[iv] from the date of disbursement of funds. The NBFC-MFI shall send scheme-wise Quarterly Progress Report (QPR) on the utilization of the NSFDC funds as per the prescribed format **(Appendix-I)** within 30 days from the end of the quarter failing which the same shall be treated as default.

(ii) NSFDC funds actually disbursed by the NBFC-MFI to the beneficiaries under the approved schemes shall only be considered as funds utilized.

14A. MONITORING OF LOAN[v]

The NBFC-MFI shall be required to submit a quarterly CA certificate authenticating the list of borrowers/statement of book debts along with the end-use/purpose of loan, amount outstanding and age-wise breakup of over dues.

The level of overdues shall be monitored by NSFDC and in case Gross NPA (presently less than 2%) and Net NPA levels (presently below 0.5%) stipulated by NSFDC are breached, NSFDC shall have a right to recall the loan or call for additional security as it may deem necessary.

15 RIGHT TO RECALL THE LOAN

If at any time, in the opinion of NSFDC, NBFC-MFI has failed to observe or fulfill any of the terms and conditions stipulated in the Agreement on the occurrence of any event or circumstances which, in the opinion of NSFDC would or is likely to prejudicially or adversely affect in any manner the capacity of NBFC-MFI to repay the amount of the said financial assistance and interest thereon, in the manner aforesaid notwithstanding any provisions contained herein in connection with the time/period of repayment of the amount of the said financial assistance and the interest thereon, NBFC-MFI shall be liable to repay to NSFDC in one lump-sum the outstanding principal of the said assistance and interest(s) thereon and NSFDC shall be entitled to recall the entire outstanding amount of principal and interest from NBFC-MFI .

16. REPAYMENT OF LOAN

NSFDC shall send quarterly/half yearly demand notice to NBFC-MFI to facilitate prompt repayment of the amount of assistance as per the Lending Policy/repayment norms. It shall be the responsibility of NBFC-MFI to ensure repayment of the amount of assistance and payment of interest due by the due dates. Non-receipt of a demand notice from NSFDC shall not be a reason for non-payment of the amount of assistance and interest thereon in the manner aforesaid by the due date.

17. DEFAULT IN REPAYMENT

The NBFC-MFI shall agree that notwithstanding anything stipulated in the signed Agreement, NSFDC shall have the right by notice in writing to require NBFC-MFI forthwith to discharge in full or in part its liabilities to NSFDC in respect of any of the said financial assistance provided by the

NSFDC whether due or not upon the happening of any of the following events viz:

a) NBFC-MFI has committed any default in making any payment or repayment in accordance with the Agreement.
b) NBFC-MFI has committed any breach or default in the performance or observance of the Agreement and/or NBFC-MFI's application and/or the provisions of financing schemes of NSFDC and or any instructions issued by the NSFDC from time to time.
c) NBFC-MFI's application or any enclosure thereto contained any false or untrue statement or information or the same turned out to be wrong or untrue as a result of supervening circumstances or even otherwise. On this question whether any of the above events has happened, the decision of the NSFDC shall be final, conclusive and binding on the NBFC-MFI.
d) If there is reasonable apprehension that NBFC-MFI is unable to repay its debts, proceedings for taking it into liquidation may be commenced in respect thereof.
e) NBFC-MFI shall be liable to pay NSFDC all costs, legal charges and other expenses, whatsoever as may be incurred by NSFDC in the realization of the amount of the said financial assistance from NBFC-MFI.

18. LIQUIDITY DAMAGES ON DEFAULTED PAYMENTS (LDDP)

Defaults in the repayment of NSFDC dues (principal as well as interest) beyond the stipulated/agreed dates of repayment shall attract further interest @ 2% per annum over and above normal rate of interest applicable on the dues as per the Lending Policy of the NSFDC. In no case, LDDP charged by NSFDC shall be levied on the Target Group by NBFC-MFI. The LDDP shall be levied quarterly on cash basis through a separate demand.

19. APPROPRIATION OF REPAYMENTS

NBFC-MFI shall remain always liable as a principal debtor to the NSFDC for the due repayment of any financial assistance granted by the NSFDC in respect of the said financial assistance. NBFC-MFI shall agree that in case it fails to repay on the due date(s), the installment of principal and/or interest (without rebate) shall be compounded as per schedule of payment/repayment and NSFDC shall be entitled to appropriate the repayment received from the NBFC-MFI, first towards the interest and then towards the principal amounts outstanding for the longest period, without any prior intimation to the NBFC-MFI.

20. HIGHER RATE OF INTEREST (HRI) ON FUNDS REFUNDED

a) Higher Rate of Interest (HRI) on funds not utilized within stipulated time period and refunded shall be applicable @ 4% p.a. over and above the normal rate of interest charged by NSFDC from NBFC-MFI and it shall be applicable from the date of disbursement to date of refund.
b) NSFDC funds refunded unutilized by the NBFC-MFI even within 120[vi] days shall attract the same HRI as indicated above.
c) The NBFC-MFI shall be exempted from levy of HRI on unutilized funds, if the funds utilization level is 80% or above under the particular scheme.

21. STANDARD CONDITIONS OF LOANS

The standard conditions shall be as follows:-

a) For any change in the parameters and terms and conditions of the scheme, prior approval of NSFDC shall be obtained in writing by the NBFC-MFI.
b) The NBFC-MFI shall form a Project Implementation Committee for monitoring the implementation of the project in which NSFDC may nominate its representative.
c) The NBFC-MFI shall ensure that beneficiaries are selected strictly as per the eligibility criteria of NSFDC.
d) Cost over-run, if any, in the scheme shall be borne by the NBFC-MFI /Beneficiary(ies) to the satisfaction of NSFDC.
e) The funds disbursed for implementation of the scheme shall be utilized for the same scheme only and shall not be diverted to any other scheme. The unutilized amount under the scheme, if any, shall be refunded to NSFDC.
f) NSFDC funds disbursed by the NBFC-MFI to the beneficiaries under the projects shall alone be considered as funds utilized.

However, funds transferred by the NBFC-MFI to its Branch/District Offices are not considered as funds utilized.

g) The NBFC-MFI shall ensure effective monitoring and periodic flow of information to NSFDC relating to the scheme during the currency of the loan.

h) The NBFC-MFI shall avail disbursements under sanctioned schemes in maximum three installments within a period of one year from the date of sanction and remaining units/funds, if any, shall be treated as cancelled and the schemes shall be closed at the existing level of implementation.

i) Advertisements for the scheme should carry the message that NSFDC is one of the financiers of the scheme.

j) NBFC-MFI shall ensure that prior to sanction of financial assistance to beneficiary(ies), the names of legal heir(s) of the beneficiary(ies) are obtained so that assets/liabilities are taken over by legal heir(s) in the event of death of the beneficiary(ies).

k) NBFC-MFI shall maintain separate accounts for loan assistance received under various schemes.

l) The NBFC-MFI shall also comply with special conditions stipulated in Letter of Intent (LOI) and any other condition(s) that the NSFDC may deem fit to stipulate during the currency of the loan.

22. GENERAL

a) The NBFC-MFI shall take measures to generate adequate awareness amongst the prospective beneficiaries in their jurisdiction by making use of local media and public bodies.

b) All necessary documents shall be maintained by NBFC-MFI and shall be made available for inspection by NSFDC or by any authority. NBFC-MFI shall also place required information on performance under NSFDC funded schemes on their website.

c) The NBFC-MFI shall carry out concurrent monitoring of funded units on regular basis.

d) The interpretation of any or all provisions of the Lending Policy by NSFDC shall be final and binding as to its terms, content, purport and/or implementation.

e) The NSFDC may from time to time add to, substitute, alter, amend and/or any terms and conditions of the Lending Policy.

f) In case of any disputes or claims under or arising out of the Lending Policy, Courts of New Delhi shall have the sole and exclusive jurisdiction.

* * * * * *

Approved in the 142nd Meeting of the Board of Directors held on July 13, 2016

[1] *Approved in the 141st Meeting of the Board of Directors held on March 16, 2016*

[1] *Approved in the 142nd Meeting of the Board of Directors held on July 13, 2016*

[1] *Approved in the 141st Meeting of the Board of Directors held on March 16, 2016*

[1] *Approved in the 142nd Meeting of the Board of Directors held on July 13, 2016*

[1] *Approved in the 141st Meeting of the Board of Directors held on March 16, 2016*

Appendix-I

Quarterly Progress Report (QPR) on Utilization of Funds

Name of Channelizing Agency :____________________________________

Name of the Scheme :____________________________________

(Rs. in lakh)

Sl. No.	Beneficiaries Particulars							Project's Particulars		Disbursement Particulars of NSFDC share			Remarks
	Name & Address	Gender (M/F)	Rural/ Urban	*Aadhar No.	Annual Family Income	A/c No.	IFSC	Unit Cost	NSFDC Share	Cheque/ DD/ UTR No.	Date	Amt	
TOTAL													

*Optional

Certified that all the beneficiaries covered under the scheme were eligible for assistance as per the eligibility criteria of NSFDC.

Date:...........

(Signature)
Authorized Signatory
Name & Designation

LENDING POLICY FOR COOPERATIVE BANKS

Annexure I

NSFDC LENDING POLICY FOR COOPERATIVE BANKS
(With effect from ______)

15. ORGANISATION

National Scheduled Castes Finance and Development Corporation (NSFDC) was incorporated on 08.02.1989 as a Company 'not for profit' under Section-25 of Companies Act, 1956 with the objective of working for socio-economic empowerment of persons belonging to Scheduled Castes having annual family income up to Rs.3.00 lakh. Consequent upon the introduction of the Companies Act, 2013, NSFDC is now a Section-8 Company (not for profit) under the new Act. NSFDC is a Schedule 'C' Central Public Sector Enterprises under the Administrative Ministry of Social Justice & Empowerment and wholly owned by the Government of India.

16. BROAD OBJECTIVE

The broad objective of NSFDC is to provide financial assistance for the economic empowerment of persons belonging to the Scheduled Caste families having annual family income up to Rs. 3.00 lakh.

17. ELIGIBILITY CRITERIA FOR COOPERATIVE BANKS

The Cooperative Banks (Channelising Agency- CA) fulfilling the following norms shall be considered eligible to avail financial assistance from NSFDC on refinance/reimbursement or project lending basis to the eligible target group:

(i) Net Non-performing Assets (NPA) of the CA(s) should be less than 5% for the preceding financial year.

or

Average net NPA for the last 05 financial years should be less than 5%. Further, out of these 05 years, the net NPA of the CA(s) should be less than 5% each year, for at least 03 years.

(ii) CA(s) should have 3 years of continuous profit track record.

Or

CA(s) should be in profit for at least any 03 out of last 05 financial years

(iii) CA(s) should not be defaulter of any Regulatory Body.

(iv) Satisfactory Credit Opinion Report of funding organization in respect of the Cooperative Bank.

4. ELIGIBILITY CRITERIA FOR TARGET GROUP

a) The applicants should be from the Scheduled Caste community.

b) Annual Family income of the applicants should be up to Rs. 3.00 Lakh.

c) Individuals, Self Help Groups (SHGs)/Joint Liability Groups (JLGs) are eligible to undertake income generating activities. However, proposals submitted by SHGs/JLGs shall be considered subject to the following:

   i) All the members of SHGs/JLGs belong to Scheduled Caste community.

   ii) Annual Family income of each member/applicant is up to Rs. 3.00 Lakh.

Note: The verification of eligibility criteria shall be the sole responsibility of the CA (s). NSFDC shall, however, be entitled to re-verify the eligibility of the applicants, if it so desires.

5. NSFDC & CA(s) RELATIONSHIP

The institutions fulfilling the eligibility criteria of NSFDC may be appointed to act as Channelizing Agency (CA) of NSFDC in the selected State/UT or pan India basis. The relationship between NSFDC and the CA (s) shall be governed and guided by contractual relationship by signing an Agreement between the parties strictly in accordance with the NSFDC Lending Policy and the terms and conditions of the Agreement.

6. QUANTUM OF ASSISTANCE

NSFDC provides loans up to 90% of the Project Cost for units costing up to Rs. 5,00,000/-. The balance 10% share shall be contributed by the CA (s) and/or beneficiaries. However, under refinance mode, NSFDC share will be up to 100%.

7. INTEREST RATE

The pattern of charging interest under the scheme shall be as follows;

NSFDC to CA (S)	Interest Spread to CA (s)	CA (s) to Beneficiaries
4% p.a.	Up to 8%	Up to 12% p.a.

8. REPAYMENT PERIOD

The loan amount shall be repaid in quarterly installments within a maximum period of six years from the date of each disbursement including the moratorium period and fund utilization period.

9. UTILIZATION PERIOD

Funds utilization period under Project Finance is 120 days. Under refinance mode the rate of interest is to be switched over from existing rate to applicable NSFDC rate within 30 days from the date of disbursement.

10. MORATORIUM PERIOD

The moratorium period for both the modes i.e. Project Finance and Refinance is 3 months. However, there shall not be any moratorium period for the payment of interest.

11. SUBSEQUENT LOAN

On repayment of loan, the eligible beneficiaries can avail subsequent loan under NSFDC scheme(s) from CA(s).

12. SOCIAL PRIORITIES

The Channelising Agency shall endeavor to cover 40% women beneficiaries in physical as well as financial terms.

13. PROCEDURE FOR AVAILING ASSISTANCE

The following procedure shall be adopted by the CA(s) for availing funds:

(A) **Under re-financing/reimbursement** mode, the CA(s) shall send the details of beneficiaries financed by the CA(s) in the prescribed format who fulfill the eligibility criteria for lending under the NSFDC schemes. NSFDC shall appraise the proposals as per its lending policy revised from time to time. NSFDC may disburse the funds to the CA(s) for the sanctioned proposals. In order to become eligible for re-finance, the CA(s) shall follow procedure given below:

(i) Under re-financing/reimbursement, CA(s) can avail funds under the Schemes of NSFDC, having outstanding balance up from Rs. 10,000 to Rs. 5,00,000 per account as on the date of claiming refinance. The maximum project cost limit will be Rs.5.00 lakh per unit, as per the existing lending policy of NSFDC for Cooperative Banks.

(ii) The refinance would be allowed to the CA(s) retrospectively under cases financed by them with effect from 1st April of the year in which the Agreement between NSFDC and Cooperative Bank has been executed.

(iii) CA(s) shall select the applicants as per the eligibility criteria of NSFDC.

(iv) Selection/rejection of the loan applications shall be communicated by the CA (s) to the applicants.

(v) The selection of assets (within the sanctioned parameters) shall be as per the choice of beneficiaries.

(vi) CA(s) shall appraise the proposal with a view to ensure that the project/activity is viable and the beneficiary has entrepreneurial capabilities to manage the business activity.

(vii) The CA(s) shall give preference to the proposals that have provision of convergence with on-going schemes of the Central/State Government that allows beneficiaries to take advantage of subsidies/other benefits flowing from various schemes. In other words, group proposals from areas having concentration of population of the target group, Self-Help Groups (SHG) of Women and collectives/Clusters etc. would be preferred.

(viii) CA(s) shall submit details of the projects/activities financed under NSFDC schemes in the prescribed format **(Annexure-I).**

(ix) NSFDC shall appraise the proposals, issue Letter of Intent (LOI) for approved proposals and disburse funds to the CA(s) on completion of pre-requisite formalities for disbursement of funds given at para 12 of this Lending Policy.

(x) The CA(s) shall switch-over the individual loan accounts of the beneficiaries under NSFDC schemes within 30 days from the date of disbursement by NSFDC. The CA(s) shall inform the same to NSFDC in the prescribed format **(Annexure-II).** The amount re-financed by NSFDC shall be treated as funds utilized.

(xi) Switch-over of the individual loan accounts shall be communicated to the beneficiaries by CA(s) on receipt of funds from NSFDC.

(xii) The CA(s) shall recover the installments from the beneficiaries after allowing them stipulated moratorium period.

(B) **Under project-based financing**, the following procedures shall be adopted:

(i) The CA(s) shall sponsor viable project proposals to NSFDC covering unit cost, means of finance etc.

(ii) The proposals submitted would be for the need based economic activities preferably in which the target group has practical experience or required capability to manage the business.

(iii) The NSFDC may sanction the project based on internal project appraisal process.

(iv) After receipt of the sanction letter, the CA(s) shall request NSFDC in writing for disbursement of funds. The NSFDC shall disburse funds to the CA(s) on fulfillment of conditions laid down in the agreement between CA(s) and NSFDC and NSFDC's Lending Policy.

(v) CA(s) shall implement the schemes as per NSFDC Lending Policy and the terms and conditions stipulated in LOI.

(vi) Funds disbursed by NSFDC shall be utilized by the CA(s) as per the Para 14 of this Lending Policy.

(vii) Selection of the beneficiaries shall be made by CA(s) as per NSFDC Lending Policy.

(viii) CA(s) shall issue Sanction Letter(s) to the applicants selected for the loans.

(ix) The CA(s) shall recover the installments from the beneficiaries after allowing them stipulated moratorium as stated in the LOI.

(x) The CA(s) shall endeavor to link subsidy from concerned authorities for eligible beneficiaries with NSFDC loan component to reduce the burden of loan on the beneficiaries.

(xi) CA(s) shall charge interest rate from the beneficiaries not more than the rate stipulated by NSFDC.

(xii) CA(s) shall widely publicize the schemes sanctioned by NSFDC.

14. DISBURSEMENT OF FUNDS BY NSFDC

Funds for the sanctioned projects/schemes shall be disbursed by NSFDC subject to fulfillment of the following conditions:

a) Acceptance of the LOI by returning a copy thereof duly signed and stamped on all the pages by an authorized signatory of the CA (s) as token of acceptance of all terms and conditions stipulated in the LOI.

b) Written request by the CA (s) for disbursement of funds for the implementation of the scheme.

c) No pending Utilization of NSFDC fund for more than one year at the end of the preceding financial year.

d) Net Non-performing Assets (NPA) of the CA(s) should be less than 5% for the preceding financial year.

or

Average net NPA for the last 05 financial years should be less than 5%. Further, out of these 05 years, the net NPA of the CA(s) should be less than 5% each year, for at least 03 years.

e) CA(s) should have 3 years of continuous profit track record.

Or

CA(s) should be in profit for at least any 03 out of last 05 financial years

f) Overall cumulative utilization percentage of funds disbursed by NSFDC should not be less than 80% at the end of preceding month for disbursement of funds till February end. However, utilization level of 80% may be considered at the end of preceding day for disbursement of funds in the month of March.

g) No overdues payable to NSFDC at the time of disbursement.

h) The disbursement to CA (s) shall be subject to Security.

i) Satisfactory credit opinion from other lenders of CA.

15. SECURITY

While seeking disbursement from NSFDC, CA (s) shall provide the following security to NSFDC for timely repayment of installments of the loan sanctioned under this Agreement together with interest thereon: -

Bank Guarantee/Fixed Deposit of Public Sector Bank in the name of “CA(s) account NSFDC” equivalent to the amount to be disbursed to them. The validity period of the Bank Guarantee/Fixed Deposit shall continue until all the dues of the NSFDC have been paid in full or otherwise fully discharged by the CA(s)

OR

CA(s) may provide Bank Guarantee/Fixed Deposit initially for the period of one year and the same may be renewed at least 10 days prior to end of the expiry period of the earlier one.

In case CA(s) has provided Fixed Deposit to the NSFDC, the interest thereon shall be payable to the CA (s).

In the event of default by CA(s) either for the whole or part amount advanced under this Agreement, the Bank Guarantee shall be invoked/the Fixed Deposits shall be encashed by NSFDC.

16. FUNDS UTILISATION

(a) Under project-based financing

Under project-based financing, CA(s) shall utilize funds disbursed within120 days from the date of disbursement of funds. The CA(s) shall send Quarterly Progress Report (QPR) on the utilization of the NSFDC funds as per the prescribed format (ANNEXURE-III) within 30 days from the end of the quarter failing which the same shall be treated as default.

NSFDC funds actually disbursed by the CA(s) to the beneficiaries under the approved schemes shall only be considered as funds utilized.

(b) Under re-financing/reimbursement

Under refinancing/reimbursement mode, CA(s) shall switch-over the individual loan accounts of the beneficiaries under NSFDC schemes from existing rate of interest to prescribed NSFDC rate within 30 days from the date of disbursement by NSFDC. The CAs shall inform the same to NSFDC in the prescribed format.

17. RIGHT TO RECALL THE LOAN

If at any time, in the opinion of NSFDC, CA(s) has failed to observe or fulfill any of the terms and conditions stipulated in the Agreement on the occurrence of any event or circumstances which, in the opinion of NSFDC would or is likely to prejudicially or adversely affect in any manner the capacity of CA (s) to repay the amount of the said financial assistance and interest thereon, in the manner aforesaid notwithstanding any provisions contained herein in connection with the time/period of repayment of the amount of the said financial assistance and the interest thereon, CA(s)shall be liable to repay to NSFDC in one lump-sum the outstanding principal of the said assistance and interest(s) thereon and NSFDC shall be entitled to recall the entire outstanding amount of principal and interest from CA(s).

18. REPAYMENT OF LOAN

NSFDC shall send quarterly demand notice to CA(s) to facilitate prompt repayment of the amount of assistance as per the Lending Policy/repayment norms. It shall be the responsibility of CA(s) to ensure repayment of the amount of assistance and payment of interest due by the due dates. Non-receipt of a demand notice from NSFDC shall not be a reason for non-payment of the amount of assistance and interest thereon in the manner aforesaid by the due date.

19. DEFAULT IN REPAYMENT

The CA (s) shall agree that notwithstanding anything stipulated in the signed Agreement, NSFDC shall have the right by notice in writing to require CA (s) forthwith to discharge in full or in part its liabilities to NSFDC in respect of any of the said financial assistance provided by the NSFDC whether due or not upon the happening of any of the following events viz:

a) CA(s) has committed any default in making any payment or repayment in accordance with the Agreement.
b) CA(s) has committed any breach or default in the performance or observance of the Agreement and/or CA(s)'s application and/or the provisions of financing schemes of NSFDC and or any instructions issued by the NSFDC from time to time.
c) CA(s)'s application or any enclosure thereto contained any false or untrue statement or information or the same turned out to be wrong or untrue as a result of supervening circumstances or even otherwise. On this question whether any of the above events has happened, the decision of the CMD, NSFDC shall be final, conclusive and binding on the CA (s).
d) If there is reasonable apprehension that CA(s) is unable to repay its debts, proceedings for taking it into liquidation may be commenced in respect thereof.

e) CA(s) shall be liable to pay NSFDC all costs, legal charges and other expenses, whatsoever as may be incurred by NSFDC in the realization of the amount of the said financial assistance from CA(s).

20. LIQUIDITY DAMAGES ON DEFAULTED PAYMENTS (LDDP)

Defaults in the repayment of NSFDC dues (principal as well as interest) beyond the stipulated/agreed dates of repayment shall attract further interest @ 2% per annum over and above normal rate of interest applicable on the dues as per the Lending Policy of the NSFDC. In no case, LDDP charged by NSFDC shall be levied on the Target Group by CA (s). The LDDP shall be levied quarterly on cash basis through a separate demand.

21. APPROPRIATION OF REPAYMENTS

CA(s) shall remain always liable as a principal debtor to the NSFDC for the due repayment of any financial assistance granted by the NSFDC in respect of the said financial assistance. CA(s) shall agree that in case it fails to repay on the due date(s), the installment of principal and/or interest (without rebate) shall be compounded as per schedule of payment/repayment and NSFDC shall be entitled to appropriate the repayment received from the CA(s), first towards the interest and then towards the principal amounts outstanding for the longest period, without any prior intimation to the CA(s).

22. HIGHER RATE OF INTEREST (HRI) ON FUNDS REFUNDED

a) Higher Rate of Interest (HRI) on funds not utilized within stipulated time period and refunded shall be applicable @ 4% p.a. over and above the normal rate of interest charged by NSFDC from CA(s) and it shall be applicable from the date of disbursement to date of refund.

b) NSFDC funds refunded unutilized by the CA(s) even within 120 days shall attract the same HRI as indicated above.

c) The CA(s) shall be exempted from levy of HRI on unutilized funds, if the funds utilization level is 80% or above under the particular scheme.

23. STANDARD CONDITIONS OF LOANS

The standard conditions shall be as follows: -

a) For any change in the parameters and terms and conditions of the scheme, prior approval of NSFDC shall be obtained in writing by the CA(s).

b) The CA(s) shall form a Project Implementation Committee for monitoring the implementation of the project in which NSFDC may nominate its representative.

c) The CA(s) shall ensure that beneficiaries are selected strictly as per the eligibility criteria of NSFDC.

d) Cost over-run, if any, in the scheme shall be borne by the CA(s)/Beneficiary(ies) to the satisfaction of NSFDC.

e) The funds disbursed for implementation of the scheme shall be utilized for the same scheme only and shall not be diverted to any other scheme. The unutilized amount under the scheme, if any, shall be refunded to NSFDC.

f) NSFDC funds disbursed by the CA(s) to the beneficiaries under the projects shall alone be considered as funds utilized. However, funds transferred by the CA(s) to its Branch/District Offices are not considered as funds utilized.

g) The CA(s) shall ensure effective monitoring and periodic flow of information to NSFDC relating to the scheme during the currency of the loan.

h) The CA(s) shall avail disbursements under sanctioned schemes in maximum three installments within a period of one year from the date of sanction and remaining units/funds, if any, shall be treated as cancelled and the schemes shall be closed at the existing level of implementation.

i) Advertisements for the scheme should carry the message that NSFDC is one of the financiers of the scheme.

j) CA(s) shall ensure that prior to sanction of financial assistance to beneficiary(ies), the names of legal heir(s) of the beneficiary(ies) are obtained so that assets/liabilities are taken over by legal heir(s) in the event of death of the beneficiary(ies).

k) CA(s) shall maintain separate accounts for loan assistance received under various schemes.

l) The CA(s) shall also comply with special conditions stipulated in Letter of Intent (LOI) and any other condition(s) that the NSFDC may deem fit to stipulate during the currency of the loan.

m) As per Section 7 of the Aadhaar (Targeted Delivery if Financial and other subsidies. Benefits and Services) Act,2016, the CA shall ensure disbursement of funds by digital means i.e. through NEFT/RTGS only, to the respective Aadhaar linked bank account of the beneficiaries and/or third party. The same shall be reported while submitted utilization in the prescribed format.

24. GENERAL

a) The CA(s) shall take measures to generate adequate awareness amongst the prospective beneficiaries in their jurisdiction by making use of local media and public bodies.

b) All necessary documents shall be maintained by CA(s) and shall be made available for inspection by NSFDC or by any authority. CA(s) shall also place required information on performance under NSFDC funded schemes on their website.

c) The CA(s) shall carry out concurrent monitoring of funded units on regular basis.

d) The interpretation of any or all provisions of the Lending Policy by NSFDC shall be final and binding as to its terms, content, purport and/or implementation.

e) The NSFDC may from time to time add to, substitute, alter, amend and/or any terms and conditions of the Lending Policy.

f) In case of any disputes or claims under or arising out of the Lending Policy, Courts of New Delhi shall have the sole and exclusive jurisdiction.

******

<u>**ANNEXURE-I**</u>

<u>**REFINANCE CLAIM FOR THE BENEFICIARIES ASSISTED BY BANKS**</u>

NAME OF CHANNEISING AGENCY: ______________________________

NAME OF THE SCHEME: ___________________________________

PERIOD: From __________To_________(Date)

(Amount in Rupees)

Sl. No.	Name & Address	Caste	Annual Family Income	**Loan amount**	Subsidy (If Any)		Proposed NSFDC Share **(outstanding amount)**	Disbursement of Funds				Beneficiaries				**Economic Activity**
					State Govt.	Central Govt.		**Loan Account Number**	Date	Amt	Mode (RTGS /NEFT other)	Rural		Urban		
												M	F	M	F	
Total																

Certified that all the beneficiaries covered under the scheme were eligible for assistance as per the eligibility criteria of NSFDC.

(Signature)

Authorized Signatory (Name):

Designation :

ANNEXURE-II

CERTIFICATE OF SWITCH OVER OF LOAN UNDER NSFDC FINANCED SCHEMES

This is to certify that the loan accounts have been switched over from existing rate of interest to NSFDC rate of interest for the funds of Rs.__________received from NSFDC under LOI No.______________dated___________for __________beneficiaries/units.

(Signature)
Authorized Signatory
Name & Designation

Place:
Date:

ANNEXURE-III

Quarterly Progress Report (QPR) on Utilization of Funds under Project Finance Mode

Name of Channelizing Agency: ______________________________

Name of the Scheme: ______________________________

(Rs. in lakh)

Sl. No.	Beneficiaries Particulars						Project's Particulars				Disbursement Particulars of NSFDC share			Activity
	Name & Address	Gender (M/F)	Rural/ Urban	*Aadhar No.	Annual Family Income	A/c No.	Unit Cost	Subsidy (If Any)		NSFDC Share	Mode (RTGS/NEFT other)	Date	Amt	
								State Govt.	Central Govt.					
TOTAL														

*Optional

Certified that all the beneficiaries covered under the scheme were eligible for assistance as per the eligibility criteria of NSFDC.

Date:………..

(Signature)
Authorized Signatory
Name & Designation

LENDING POLICY FOR COOPERATIVE SOCIETIES

<u>NSFDC LENDING POLICY FOR COOPERATIVE SOCIETIES</u>

(With effect from 20.3.2019 - 150th Board Meeting)

18. ORGANISATION

National Scheduled Castes Finance and Development Corporation (NSFDC) was incorporated on 08.02.1989 as a Company 'not for profit' under Section-25 of Companies Act, 1956 with the objective of working for socio-economic empowerment of persons belonging to Scheduled Castes having annual family income up to Rs.3.00 lakh. Consequent upon the introduction of the Companies Act, 2013, NSFDC is now a Section-8 Company (not for profit) under the new Act. NSFDC is a Schedule 'C' Central Public Sector Enterprises under the Administrative Ministry of Social Justice & Empowerment and wholly owned by the Government of India.

19. BROAD OBJECTIVE

The broad objective of NSFDC is to provide financial assistance for the economic empowerment of persons belonging to the Scheduled Caste families having annual family income up to Rs. 3.00 lakh.

3. ELIGIBILITY CRITERIA FOR COOPERATIVE SOCIETIES

The Cooperative Societies (Channelising Agency- CA) fulfilling the following norms shall be considered eligible to avail financial assistance from NSFDC on refinance/reimbursement or project lending basis to the eligible target group:

i) Net Non-performing Assets (NPA) of the CA(s) should be less than 2% for the preceding financial year.
ii) CA(s) should have 3 years of continuous profit track record.
iii) CA(s) should not be defaulter of any Regulatory Body.
iv) The CA(s) should not have defaulted in repayment of outside borrowings in the last three years or undergone a corporate debt re-structuring.

v) At least some portion of the Share capital of the society should be held by Central/State Government.
vi) The Management of society should have some members nominated by Central/State Government.

4. ELIGIBILITY CRITERIA FOR TARGET GROUP

a) The beneficiary (ies) should be from the Scheduled Caste community.
b) Annual Family income of the applicants should be up to Rs. 3.00 Lakh.
c) Individuals, Partnership Firms and Co-operative Societies are eligible to undertake income generating activities. However, proposals submitted by Partnership Firms and Co-operative Societies shall be considered subject to the following:

   i) All the members of Partnership Firms/Co-operative Societies belong to Scheduled Caste community.
   ii) Annual Family income of each member/applicant is up to Rs. 3.00 Lakh.
   iii)

Note: The verification of eligibility criteria shall be the sole responsibility of the CA (s). NSFDC shall, however, be entitled to re-verify the eligibility of the applicants, if it so desires.

5. NSFDC & CA (s) RELATIONSHIP

The institutions fulfilling the eligibility criteria of NSFDC may be appointed to act as Channelizing Agency (CA) of NSFDC in the selected State/UT or pan India basis. The relationship between NSFDC and the CA (s) shall be governed and guided by contractual relationship by signing an Agreement between the parties strictly in accordance with the NSFDC Lending Policy and the terms and conditions of the Agreement.

6. QUANTUM OF ASSISTANCE

NSFDC provides loans up to 90% of the Project Cost for units costing up to Rs. 5,00,000/-. The balance 10% share shall be contributed by the CA (s) and/or beneficiaries. However, under refinance mode, NSFDC share will be up to 100%.

7. INTEREST RATE

The pattern of charging interest under the scheme shall be as follows;

NSFDC to CA (S)	Interest Spread to CA (s)	CA (s) to Beneficiaries
4% p.a.	Up to 8%	Up to 12% p.a.

8. REPAYMENT PERIOD

The loan amount shall be repaid in quarterly installments within a maximum period of six years from the date of each disbursement including the moratorium period of three months and funds utilization period of 120 days (in project finance mode) and 30 days (under refinance/reimbursement mode). There shall not be any moratorium period for payment of interest.

9. SECOND LOAN

On repayment of loan, the eligible beneficiaries can avail further loan under NSFDC scheme(s) from CA (s) or other Channelising agencies of the NSFDC.

10. SOCIAL PRIORITIES

The Channelising Agency shall endeavor to cover 40% female beneficiaries in physical as well financial terms.

11. PROCEDURE FOR AVAILING ASSISTANCE

The following procedure shall be adopted by the CA (s) for availing funds:

(A) **Under re-financing/reimbursement** mode, the CA(s) shall send the project/scheme-wise details of beneficiaries financed by the CA(s) in the prescribed format who fulfill the eligibility criteria for lending under the NSFDC schemes. NSFDC shall appraise the proposals as per its lending policy revised from time to time. NSFDC may disburse the funds to the CA(s) for the sanctioned proposals. In order to become eligible for re-finance, the CA(s) shall follow procedure given below:

i) Under re-financing/reimbursement, CA(s) can avail funds under the Schemes of NSFDC, having outstanding balance up from Rs. 10,000 to Rs. 60,000 per account as on the date of claiming refinance. The maximum project cost limit will be Rs.0.60 lakh per unit. as per the existing lending policy of NSFDC for Cooperative Societies

ii) The refinance would be allowed to the CAs retrospectively under cases financed by them with effect from 1st April of the year in which the Agreement between NSFDC and Cooperative Society has been executed.

iii) CA(s) shall select the applicants as per the eligibility criteria of NSFDC.

iv) Selection/rejection of the loan applications shall be communicated to the applicants.

v) In selection of assets (within the sanctioned parameters), choice of beneficiaries shall be a prime consideration.

vi) CA(s) shall appraise the proposal with a view to ensure that the project/activity is viable and the beneficiary has entrepreneurial capabilities to manage the business activity.

vii) The CA(s) shall give preference to the proposals that have provision of convergence with on-going schemes of the Central/State Government that allows beneficiaries to take advantage of subsidies/other benefits flowing from various schemes. In other words, group proposals from areas having concentration of population of the target group, Self-Help Groups (SHG) of Women and collectives/Clusters etc. would be preferred.

viii) CA(s) shall submit scheme-wise details of the projects/activities financed under NSFDC schemes in the prescribed format **(Annexure-I).**

ix) NSFDC shall appraise the proposals, issue Letter of Intent (LOI) for approved proposals and disburse funds to the CA(s) on completion of pre-requisite formalities for disbursement of funds given at para 12 of this Lending Policy.

x) The CA(s) shall switch-over the individual loan accounts of the beneficiaries under NSFDC schemes within 30 days from the date of disbursement by NSFDC. The CAs shall inform the same to NSFDC in the prescribed format **(Annexure-II).** The amount re-financed by NSFDC shall be treated as funds utilized.

xi) Switch-over of the individual loan accounts shall be communicated to the beneficiaries on receipt of LOI from NSFDC.

xii) The CA(s) shall recover the installments from the beneficiaries after allowing them stipulated moratorium period.

xiii) There shall be no sanction limit and the eligible refinance in each claim will be sanctioned irrespective of the quantum of amount.

xiv) The minimum amount of refinance shall be outstanding amount of Rs.10000/- or more per case.

(B) **Under project-based financing**, the following procedures shall be adopted:

i) The CA (s) shall sponsor viable project proposals to NSFDC covering unit cost, means of finance in group.

ii) The proposals submitted would be for the need based economic activities preferably in which the target group has practical experience or required capability to manage the business.

iii) The NSFDC may sanction the project based on internal project appraisal process.

iv) After receipt of the sanction letter, the CA (s) shall request NSFDC in writing for disbursement of funds. The NSFDC shall disburse funds to the CA (s) on fulfillment of conditions laid down in the agreement between CA (s) and NSFDC and NSFDC's Lending Policy.

v) CA (s) shall implement the schemes as per NSFDC Lending Policy and the terms and conditions stipulated in LOI.

vi) Funds disbursed by NSFDC shall be utilized by the CA (s) as per the Para 14 of this Lending Policy.

vii) Selection of the beneficiaries shall be made by CA (s) as per NSFDC Lending Policy.

viii) CA (s) shall issue Sanction Letter(s) to the applicants selected for the loans.

ix) The CA (s) shall recover the installments from the beneficiaries after allowing them stipulated moratorium as stated in the LOI.

x) The CA (s) shall endeavor to link subsidy from concerned authorities for eligible beneficiaries with NSFDC loan component to reduce the burden loan on the beneficiaries.

xi) CA (s) shall charge interest rate from the beneficiaries not more than the rate stipulated by NSFDC.

xii) CA (s) shall widely publicize the schemes sanctioned by NSFDC.

12. DISBURSEMENT OF FUNDS BY NSFDC

Funds for the sanctioned projects/schemes shall be disbursed by NSFDC subject to fulfillment of the following conditions:

a) Acceptance of the LOI by returning a copy thereof duly signed and stamped on all the pages by an authorized signatory of the CA (s) as token of acceptance of all terms and conditions stipulated in the LOI.
b) Written request by the CA (s) for disbursement of funds for the implementation of the scheme.
c) No pending Utilization of NSFDC fund for more than one year at the end of the preceding financial year.
d) Overall cumulative utilization percentage of funds disbursed by NSFDC should not be less than 80% at the end of preceding month.
e) No overdues payable to NSFDC at the time of disbursement.
f) The disbursement to CA (s) shall be subject to Security.
g) Satisfactory Credit opinion from other lenders of CA.

13. SECURITY

While seeking disbursement from NSFDC, CA (s) shall provide the following security to NSFDC for timely repayment of installments of the loan sanctioned under this Agreement together with interest thereon: -

Bank Guarantee of Scheduled Commercial Bank / Fixed Deposits from Scheduled Commercial Bank (SCB)in the name of "CA (s) account NSFDC " equivalent to the amount to be disbursed to them

The bank guarantee or fixed deposit shall be preferably from Public Sector Bank or as decided by NSFDC. The validity period of the Bank Guarantee/Fixed Deposit shall continue until all the dues of the NSFDC have been paid in full or otherwise fully discharged by the CA (s). In case CA (s) has provided Fixed Deposit to the NSFDC, the interest thereon shall be payable to the CA (s). In the event of default by CA (s) either for the whole or part amount advanced under this Agreement, the Bank Guarantee shall be invoked/the Fixed Deposits shall be encashed by NSFDC.

14. FUNDS UTILISATION

(a) Under project-based financing

Under project-based financing, CA (s) shall utilize funds disbursed within 120 days from the date of disbursement of funds. The CA (s) shall send scheme-wise Quarterly Progress Report (QPR) on the utilization of the NSFDC funds as per the prescribed format (ANNEXURE-III) within 30 days from the end of the quarter failing which the same shall be treated as default.

NSFDC funds actually disbursed by the CA (s) to the beneficiaries under the approved schemes shall only be considered as funds utilized.

(b) Under re-financing/reimbursement

Under refinancing/reimbursement mode, CA(s) shall switch-over the individual loan accounts of the beneficiaries under NSFDC schemes within 30 days from the date of disbursement by NSFDC. The CAs shall inform the same to NSFDC in the prescribed format. The amount refinanced by NSFDC shall be treated as funds utilized.

15 RIGHT TO RECALL THE LOAN

If at any time, in the opinion of NSFDC, CA (s) has failed to observe or fulfill any of the terms and conditions stipulated in the Agreement on the occurrence of any event or circumstances which, in the opinion of NSFDC would or is likely to prejudicially or adversely affect in any manner the capacity of CA (s) to repay the amount of the said financial assistance and interest thereon, in the manner aforesaid notwithstanding any provisions contained herein in connection with the time/period of repayment of the amount of the said financial assistance and the interest thereon, CA (s)shall be liable to repay to NSFDC in one lump-sum the outstanding principal of the said assistance and interest(s) thereon and NSFDC shall be entitled to recall the entire outstanding amount of principal and interest from CA (s).

16. REPAYMENT OF LOAN

NSFDC shall send quarterly/half yearly demand notice to CA (s)to facilitate prompt repayment of the amount of assistance as per the Lending Policy/repayment norms. It shall be the responsibility of CA (s) to ensure repayment of the amount of assistance and payment of interest due by the due dates. Non-receipt of a demand notice from NSFDC shall not be a reason for non-payment of the amount of assistance and interest thereon in the manner aforesaid by the due date.

17. DEFAULT IN REPAYMENT

The CA (s) shall agree that notwithstanding anything stipulated in the signed Agreement, NSFDC shall have the right by notice in writing to require CA (s) forthwith to discharge in full or in part its liabilities to NSFDC in respect of any of the said financial assistance provided by the NSFDC whether due or not upon the happening of any of the following events viz:

a) CA (s) has committed any default in making any payment or repayment in accordance with the Agreement.
b) CA (s) has committed any breach or default in the performance or observance of the Agreement and/or CA (s)’s application and/or the

provisions of financing schemes of NSFDC and or any instructions issued by the NSFDC from time to time.

c) CA (s)'s application or any enclosure thereto contained any false or untrue statement or information or the same turned out to be wrong or untrue as a result of supervening circumstances or even otherwise. On this question whether any of the above events has happened, the decision of the NSFDC shall be final, conclusive and binding on the CA (s).
d) If there is reasonable apprehension that CA (s) is unable to repay its debts, proceedings for taking it into liquidation may be commenced in respect thereof.
e) CA (s) shall be liable to pay NSFDC all costs, legal charges and other expenses, whatsoever as may be incurred by NSFDC in the realization of the amount of the said financial assistance from CA (s).

18. LIQUIDITY DAMAGES ON DEFAULTED PAYMENTS (LDDP)

Defaults in the repayment of NSFDC dues (principal as well as interest) beyond the stipulated/agreed dates of repayment shall attract further interest @ 2% per annum over and above normal rate of interest applicable on the dues as per the Lending Policy of the NSFDC. In no case, LDDP charged by NSFDC shall be levied on the Target Group by CA (s). The LDDP shall be levied quarterly on cash basis through a separate demand.

19. APPROPRIATION OF REPAYMENTS

CA (s) shall remain always liable as a principal debtor to the NSFDC for the due repayment of any financial assistance granted by the NSFDC in respect of the said financial assistance. CA (s) shall agree that in case it fails to repay on the due date(s), the installment of principal and/or interest (without rebate) shall be compounded as per schedule of payment/repayment and NSFDC shall be entitled to appropriate the repayment received from the CA (s), first towards the interest and then towards the principal amounts outstanding for the longest period, without any prior intimation to the CA (s).

20. HIGHER RATE OF INTEREST (HRI) ON FUNDS REFUNDED

a) Higher Rate of Interest (HRI) on funds not utilized within stipulated time period and refunded shall be applicable @ 4% p.a. over and above the normal rate of interest charged by NSFDC from CA (s) and it shall be applicable from the date of disbursement to date of refund.

b) NSFDC funds refunded unutilized by the CA (s) even within 120 days shall attract the same HRI as indicated above.

c) The CA (s) shall be exempted from levy of HRI on unutilized funds, if the funds utilization level is 80% or above under the particular scheme.

21. STANDARD CONDITIONS OF LOANS

The standard conditions shall be as follows:-

a) For any change in the parameters and terms and conditions of the scheme, prior approval of NSFDC shall be obtained in writing by the CA (S).

b) The CA (S) shall form a Project Implementation Committee for monitoring the implementation of the project in which NSFDC may nominate its representative.

c) The CA (S) shall ensure that beneficiaries are selected strictly as per the eligibility criteria of NSFDC.

d) Cost over-run, if any, in the scheme shall be borne by the CA (S) /Beneficiary(ies) to the satisfaction of NSFDC.

e) The funds disbursed for implementation of the scheme shall be utilized for the same scheme only and shall not be diverted to any other scheme. The unutilized amount under the scheme, if any, shall be refunded to NSFDC.

f) NSFDC funds disbursed by the CA (S) to the beneficiaries under the projects shall alone be considered as funds utilized. However, funds transferred by the CA (S) to its Branch/District Offices are not considered as funds utilized.

g) The CA (S) shall ensure effective monitoring and periodic flow of information to NSFDC relating to the scheme during the currency of the loan.

h) The CA (S) shall avail disbursements under sanctioned schemes in maximum three installments within a period of one year from the date of sanction and remaining units/funds, if any, shall be treated as cancelled and the schemes shall be closed at the existing level of implementation.

i) Advertisements for the scheme should carry the message that NSFDC is one of the financiers of the scheme.

j) CA (S) shall ensure that prior to sanction of financial assistance to beneficiary(ies), the names of legal heir(s) of the beneficiary(ies) are obtained so that assets/liabilities are taken over by legal heir(s) in the event of death of the beneficiary(ies).

k) CA (S) shall maintain separate accounts for loan assistance received under various schemes.

l) The CA (S) shall also comply with special conditions stipulated in Letter of Intent (LOI) and any other condition(s) that the NSFDC may deem fit to stipulate during the currency of the loan.

22. GENERAL

a) The CA (S) shall take measures to generate adequate awareness amongst the prospective beneficiaries in their jurisdiction by making use of local media and public bodies.

b) All necessary documents shall be maintained by CA (S) and shall be made available for inspection by NSFDC or by any authority. CA (S) shall also place required information on performance under NSFDC funded schemes on their website.

c) The CA (S) shall carry out concurrent monitoring of funded units on regular basis.

d) The interpretation of any or all provisions of the Lending Policy by NSFDC shall be final and binding as to its terms, content, purport and/or implementation.

e) The NSFDC may from time to time add to, substitute, alter, amend and/or any terms and conditions of the Lending Policy.

f) In case of any disputes or claims under or arising out of the Lending Policy, Courts of New Delhi shall have the sole and exclusive jurisdiction.

******

ANNEXURE-I

REFINANCE CLAIM FOR THE BENEFICIARIES ASSISTED BY BANKS

NAME OF CHANNEISING AGENCY :________________________________

NAME OF THE SCHEME :____________________________________

PERIOD :From ___________To_________(Date)

(Amount in Rupees)

Sl. No.	Name & Address	Caste	Annual Family Income	**Loan amount**	Proposed NSFDC Share **(outstanding amount)**	Disbursement of Funds				Beneficiaries				**Economic Activity**
						Loan Account Number	Date	Amt	Mode (RTGS/NEFT/Fund Transfer within Bank)	Rural		Urban		
										M	F	M	F	
Total														

Certified that all the beneficiaries covered under the scheme were eligible for assistance as per the eligibility criteria of NSFDC.

(Signature)

Authorized Signatory(Name):

Designation :

ANNEXURE-II

CERTIFICATE OF SWITCH OVER OF LOAN UNDER NSFDC FINANCED SCHEMES

This is to certify that the loan accounts have been switched over for the funds of Rs.__________lakh received from NSFDC under__________Scheme (NSFDC LOI No.______________) for ___________beneficiaries/units.

(Signature)
Authorized Signatory
Name & Designation

Place:
Date:

ANNEXURE-III

Quarterly Progress Report (QPR) on Utilization of Funds under Project Finance Mode

Name of Channelizing Agency :______________________________________

Name of the Scheme :______________________________________

(Rs. in lakh)

Sl. No.	Beneficiaries Particulars							Project's Particulars		Disbursement Particulars of NSFDC share			Remarks
	Name & Address	Gender (M/F)	Rural/ Urban	*Aadhar No.	Annual Family Income	A/c No.	IFSC	Unit Cost	NSFDC Share	Cheque/ DD/ UTR No.	Date	Amt	
TOTAL													

*Optional

Certified that all the beneficiaries covered under the scheme were eligible for assistance as per the eligibility criteria of NSFDC.

Date:..........

(Signature)
Authorized Signatory

LENDING POLICY FOR EDUCTIONAL LOAN SCHEME

EDUCATIONAL LOAN SCHEME (ELS)

1. PURPOSE OF LOAN

NSFDC provides loan under Educational Loan Scheme for pursuing full-time Professional/Technical courses in recognized Institutions upto Rs.10.00 lakh (for studies in India) and upto Rs.20.00 lakh (for studies abroad) as NSFDC share. The Educational Loan is provided as one time assistance.

Educational loan can be provided to takeover of bank loan. Educational loan can also be considered for sanction during the currency of the course. However, educational loan cannot be provided for the completed course.

2. ELIGIBILITY

Student(s) should be from Scheduled Caste community and their annual family income should be below Double the Poverty Line (DPL) limit as revised from time to time.

3. INDICATIVE HEADS OF LOAN

The Educational Loan shall cover Admission Fee, Tuition Fee, Books, Stationery, Equipments, Examination Fee, Hostel & Mess Expenses, Insurance Premium for Policy for insuring loanees against loan in case of death or permanent disability, Travel Expenses/Passage Money including Visa Expenses for studying abroad, Caution Money, Development Fund, Clothing Allowance including weather protective clothing in extreme climate (in case of foreign study), 1% contingencies of the total course cost to meet un-foreseen expenses, Thesis Printing charges and other charges related to submission of thesis, campus conveyance (including bus & railway fare). Further any other item required for the course may also be considered based on college certification.

4. PROFESSIONAL/TECHNICAL COURSES COVERED

Educational Loan shall be provided for pursuing full-time Professional/Technical courses in the fields of Engineering, Medical, Dental, Management, Information Technology, Hotel Management, CA/ICWA/CS/AMIE/FIA/IETE and any other course certified as a Professional/Technical course by the authorizing/ recognizing body appointed by the appropriate Government.

5. **PROPOSAL**

The SCAs shall forward group proposals for sanction as per the prescribed format separately for male & female students based on completion month and year of the course.

6. **QUANTUM OF ASSISTANCE**

NSFDC provides loan upto Rs.20.00 lakh (for studies in India) and upto Rs.30.00 lakh (for studies abroad) or 90% of the course expenses, whichever is less, under the scheme. The balance 10% shall be borne by the applicant/SCA.

7. **SANCTION AND DISBURSEMENT**

Sanction of ELS proposals to the SCAs shall be subject to the fulfillment of following Prudential Norms :

(i) Availability of adequate State Government Guarantee and
(ii) No Overdues more than one year old

The disbursement shall be considered as per the Letter of Intent (LOI) in all the cases where sanction has been accorded.

8. **INTEREST RATES**

NSFDC shall charge interest @ 1.5% per annum from the SCAs, which in turn, shall charge 4% per annum from the beneficiaries. In case of women beneficiaries, an interest rebate of 0.5% is provided.

9. **UTILIZATION**

The SCA shall send Quarterly Progress Reports (QPR) on the utilization of the funds (individual student wise utilization details) as per the prescribed format.

10. REPAYMENT PERIOD

Loan under Educational Loan Scheme is to be repaid in quarterly installments within a maximum period of 15 years including study period. *The repayment of Principal to NSFDC would start after a moratorium period of six months from the completion of the course. However, SCA may start recovery after six months from completion of the course or getting employment whichever is earlier. There shall be no moratorium on payment of interest.* However, the currency of loan shall not exceed 15 years from the date of first disbursement.

The repayment would start after a moratorium of six months from the completion of the course by NSFDC. However, SCA may start recovery on completion of the course or getting employment whichever is earlier. There shall not be any moratorium on payment of interest.

The repayment period under the Educational Loan Scheme is as under:-

Amount of Loan	Maximum Repayment Period including Study Period
For Loan upto Rs.7.50 lakh	Upto 10 years
For Loan above Rs.7.50 lakh	Upto 15 years

11. INTEREST SUBSIDY

SCA shall send claim under the scheme of Interest Subsidy for the period of moratorium on educational loan for the students enrolled in recognized professional and technical courses (after class 12^{th}) in India in Educational Institutions established by Acts of Parliament, other Institutions recognized by the concerned Statutory Bodies, Indian Institutes of Management (IIMs) and other institutions set up by the Central Government, to the Department of Higher Education, Ministry of Human Resource Development, Government of India.

The SCA shall arrange details of applicants to NSFDC for interest subsidy claim as per the standard formats of Ministry of Human Resource Development (MoHRD), Government of India guidelines under the Scheme. In turn, NSFDC shall forward the claims to MoHRD for payment. Upon receipt of the claim, NSFDC shall transfer the eligible amount to the SCAs after deducting its own share.

12. SCHOLARSHIP/CONCESSION/FREE-SHIP

The scheme shall bridge the gap before receipt of the scholarship/concession/free-ship by the candidates under various schemes of appropriate Bodies. The cost of the course shall be restricted on pro-rata basis, in case scholarship/concession/free-ship is granted by the State/Central Government or any other sources.

13. LOAN DURING CURRENCY OF THE COURSE

Educational loan during the currency of the course which have started after 1.12.2009 (i.e. date of start of the scheme) shall be considered based on SCAs'/CA recommendations.

14. TAKEOVER OF LOAN

NSFDC shall take over the Bank Loan for courses which have started after 01.12.2009 (i.e. from date of start of the scheme) provided all the eligibility criteria are fulfilled, No Objection Certificate, Sanction Letter copy are obtained from the Banks. In case the Banks levy any foreclosure charge(s), the same shall be borne by the candidate(s). The takeover loan proposals shall either be processed individually or in group, as need arises.

15. INTEREST ON FUNDS REFUNDED:

Higher Rate of Interest @ additional 4% p.a. over and above normal interest on fund un-utilized and refunded in toto (either directly or through repayment by way of quarterly instalments) shall be applicable. Higher Rate of Interest on refund amount be levied on "Accrual Basis".

NATIONAL SCHEDULED CASTES FINANCE & DEVELOPMENT CORPORATION, DELHI

Standard Operating Procedures (SOP) for recommending Educational Loan Proposals by SCAs under delegation of powers granted to SCAs for courses in India.

The delegation of powers will be available to SCAs under Educational Loan Proposals requiring loans upto Rs.10.00 lakh per unit for studies in India and individual proposals will be grouped in a group scheme on the basis of completion date of the Course. The SCA shall forward proposals grouped on the basis of completion month and year of the course separately for male and female students. The SCA shall forward cumulative Means of Finance and yearly disbursement schedule of NSFDC Share for a particular group of male/female students as per ***Annexure-I***. NSFDC shall not obtain individual student-wise details for sanction of ELS group proposals.

The step-wise Standard Operating Procedure is given as under:

STEP-I

(a) Norms for forwarding the group proposal :

The SCAs shall forward group proposals as per the prescribed format separately for male and female students based on completion month and year of the Course for sanction through a letter subject to fulfillment of the following prudential norms:

i) Availability of adequate State Government Guarantee and
ii) No overdues more than one year old.

(b) Procedure for Availing Sanction

i) NSFDC shall examine the proposals and issue a Letter of Intent (LOI) to the SCAs.

ii) The SCA shall obtain the documents fulfilling the eligibility criteria like Caste Certificate, Income Certificate, Accreditation Status of the

Educational Institution/University and Course, Undertaking from the candidates stating that s/he has not availed loans from any other source against the loan applied and loan requirement certificate duly issued by the Educational Institutes and maintain them in records for future inspection of NSFDC, if needed.

STEP-II

(a) Norms for Disbursement:

As per the request of the SCA, the disbursement shall be considered as per the Letter of Intent (LOI) in all the cases where sanction has been accorded.

(b) Procedure for Availing Funds and reporting utilization:

The SCA shall send the copy of Letter of Intent duly signed and stamped on all pages by an authorized signatory of SCAs and specific request for disbursement of funds towards yearly installment as per actual number of applicants and course expenses. However, the funds utilization will be accepted on receipt of individual student-wise utilization detail as per the prescribed format ***(Annexure-II).***

STEP-III

Claiming of Interest Subsidy :

The SCA shall arrange details of applicants to NSFDC for interest subsidy claim as per the standard formats of Ministry of Human Resource Development (MoHRD), Government of India guidelines under the Scheme. In turn, NSFDC shall forward the claims to MoHRD for payment. Upon receipt of the claim, NSFDC shall transfer the eligible amount to the SCAs after deducting its own share.

Annexure-II

NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION

FORMAT FOR SUBMITTING UTILISATION REPORT UNDER ELS

DETAILS OF STUDENTS COVERED

NAME OF CHANNELIZING AGENCY(SCA) :________________________________

NAME OF THE STATE/UT :________________________________

LETTER OF INTENT No. (LOI No.) :________________________________

(Rs. in lakhs)

Sl. No.	Name, Address, Contact Number & Aadhaar Number, if any	Name of the Course	Educational Institution/ University	Total Cost	NSFDC Share	Disbursement of Funds		Remarks, if any
						Amount	Date	

Certified that all the above applicants covered under the scheme were eligible for assistance as per the eligibility criteria of NSFDC.

(Signature)
Authorized Signatory
Name & Designation

Annexure-I

Format for submitting Proposal under Educational Loan Scheme

Name of the SCA:

(Amount in Rupees)

S. No	Course ending (Month & Year)	**No. of Students *(Male/Female)***		**Annual Family Income (Less than Rs.1.50 lakh/more than Rs.1.50lakh and less than Rs.3.00 lakh**	**Means of Finance**				**Total**	Yearly Disbursement (NSFDC Share)
		Rural	Urban		NSFDC Share	Promoter's Contribution	MML by SCA	Subsidy		
										I Year : ______ II Year : ______ III Year : ______ IV Year : _______ and so on

Certified that all the documents required i.e. Caste Certificate, Income Certificate, Accreditation Status of the Educational Institution/University and Course alongwith the undertaking from the applicants stating that S/he has not availed loans from any other source against NSFDC share proposed for the course have been obtained. Further, Certificate from the Indian Embassy/Consulate on confirmation of admission for abroad cases have been obtained. The documents obtained are kept on records for future inspection by NSFDC, if needed. The beneficiaries are eligible as per eligibility criteria under Educational Loan Scheme of NSFDC.

Signature of Managing Director

Or Authorized Signatory

With Name, Designation & Seal

Place:_________

Date:__________

POLICY FOR SKILL DEVELOPMENT TRAINING SCHEME

Skill Development Training Policy, 2016

1. Background

1.1 Today, India is one of the youngest nations in the world with more than 62% of its population in the working age group (15-59 years), and more than 54% of its total population below 25 years of age. The labour force in the industrialized world is expected to decline by 4% during the next 20 years, whereas in India it is likely to increase by around 32%. This poses a formidable challenge as well as a huge opportunity for skilling youth in India. As per the Census 2011, the Scheduled Castes population of the country constitutes 16.60% of the total population. The Socio Economic and Caste Census, 2011 data reveals that about 54.71% of SC (Rural) households are landless, deriving major part of their income from manual casual labour, while only 7.30% are in Govt./Public/Private and the monthly income of highest earning member of 83.50% of SC families is less than Rs.5,000/-. Therefore, for socio-economic upliftment of SCs, the skilling needs of the target group need to be fulfilled and this would continue to be one of the key objectives of the NSFDC.

1.2 The NSFDC Skill Development Training Policy was last revised in 2011, and since then it has provided the framework for skill development activities of the Corporation, with modifications from time to time.

1.3 The National Policy for Skill Development and Entrepreneurship, 2015 reflects the tenets of the Skill India programme of the Government, which focuses on outcome based approach in terms of providing meaningful employment in the form of wage and self-employment. The Ministry of Skill Development & Entrepreneurship (MSD&E) has also notified Common Norms for Skill Development Schemes being implemented by various agencies of the Government of India, which are effective from 1st April, 2016. The common norms pertain to post training placement, standards for inputs/output, funding/cost norms, third party certification and assessment cost, etc.

1.4 The common norms have been incorporated in the NSFDC Skill Development Training Policy, 2016, and it will supersede the Policy of 2011.

2. Aims and Objectives

2.1 The core objective of the policy is to adopt an integrated outcome-based approach for fulfilling skilling needs of the target group and enhance their employability. Further, measures would be taken to continuously improve the quality of the skill development programs and gradually adopt National Skills Qualifications Framework (NSQF)- a competency based framework.

2.2 Mobilize additional financial resources for skill training from CPSEs/Private Sector out of their Corporate Social Responsibility (CSR) funds.

2.3 Promote “learn, earn and pay” model of skill training as outlined in the National Policy for Skill Development and Entrepreneurship, 2015 through implementation of the Vocational Education & Training Loan Scheme (VETLS) of NSFDC.

3. Policy Framework for Skill Development

The framework outlines paradigms and enablers to achieve the objectives:

3.1 Quality

The following parameters have been identified by the NSFDC for improving the quality of skill development training and to ensure that the national standards are met:

3.1.1 Adoption of Common Norms for Skill Development Schemes implemented by Government of India

The provisions of the Common Norms for Skill Development Schemes implemented by Government of India are effective from 1st April, 2016.The norms include standards for inputs/output, funding/cost norms, third party certification and assessment cost, etc. NSFDC shall adopt the major provisions of the Common Norms subject to applicability of norms and availability of resources for implementation of skill development training programs.

3.1.2 Alignment with the National Skills Qualifications Framework (NSQF)

As per provisions of the gazette notification on NSQF, all formal and vocational education including skill training will have to align themselves with NSQF by December 2018. All skill training providers will have to organize their courses/programs to ensure alignment with NSQF levels by December, 2016 failing which no Govt. funding would be provided. Accordingly, steps would be taken by NSFDC for alignment of skill training programs with the NSQF.

3.1.3 Curriculum Alignment

To ensure that the curricula is in synchronize with emerging market demands and aligned to latest National Occupational Standards (NOS) and Qualification Packs (QPs) for various job roles, NSFDC would be implementing only Sector Skill Councils (SSCs) approved courses so that persons are accordingly trained.

3.1.4 Placements

The most critical outcome of skill training is employment, whether self or wage employment. To assess quality of skill training, this critical outcome will need to be monitored objectively. For this, NSFDC would be following the placement norms as prescribed in the Common Norms. Tracking of trainees for at least one year, post completion of training, will be made mandatory under all skill programs of NSFDC.

3.2 Quantum of Assistance

Under the grant based model, NSFDC would provide financial assistance in the form of grants to cover the entire operational expenses of the training programs. In addition to this, stipend @ Rs.1,500/- per month per candidate would be provided during the training programme to meet their incidental expenses, subject to 90% attendance in each month. The minimum and maximum age criteria for selection of trainees are 18 years and 50 years respectively.

Under loan based ‘Learn, Earn & Pay’ model, loans upto Rs.1.50 lakh for courses up to 2 years duration shall be provided at 4% p.a. (3.5% p.a. for girls) through the channelizing agencies. The loans shall cover course fees and lodging/boarding expenses. No stipend would be provided in this model.

3.3 Training Providers & Courses

NSFDC would continue to give preference to Government /Semi-Government /Autonomous Institutions and Universities/Deemed Universities for conducting its sponsored skill development training programmes. NSFDC may also consider proposals received from SSCs/SSC affiliated training providers for training, preferably for cluster development, especially in areas where NSFDC would be channelizing funds through Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs). Further, those training institutes with whom NSFDC has signed Memorandum of Agreement (MoA) to promote “learn, earn and pay” model of skill training through VETLS would be given preference in sponsoring training programmes.

Only courses approved by the concerned SSCs shall be considered for sponsoring by the NSFDC. Further, skill gap analysis conducted by National Skill Development Corporation shall also be factored for selection of the courses.

3.4 State Channelizing Agencies

State Channelizing Agencies (SCAs) of NSFDC will continue to play an important and effective role in proper selection of the trainees. Further, post training, the SCAs can also support the trainees by providing them access to financial assistance under NSFDC schemes for setting up micro enterprise level start-ups.

3.5 Promotion of skilling amongst women

NSFDC prescribes coverage of 40% women candidates in all its sponsored skill development training programmes for the target group.

4. Financing

At present, funds for sponsoring Skill training programs are received from three sources – i) Grant in aid from the Ministry of Social Justice & Empowerment ii) Own resources, and iii) CSR funds. NSFDC, considering its limited resources available for skill training, shall continue to make efforts to avail the CSR funds from CPSEs and private sector enterprises. NSFDC may collaborate with the reputed SSC affiliated Training Providers to increase the coverage of trainees under the VETLS scheme of NSFDC. NSFDC shall try to mobilize CSR fund to be used as subsidy in convergence with the VETLS so that loan burden on the trainees could be reduced.

5. Monitoring & Evaluation

Training programs will be monitored by the staff/officers of the NSFDC by visiting the training centers and using video conferencing. Third party evaluation studies will be commissioned every year for ascertaining the relevance and outcome of skill training programs.

****

.

SECTION -B

GUIDELINES FOR INTEREST SUBVENTION SCHEME (VISVAS)

AND

'PRADHAN MANTRI DAKSHTA AUR KUSHALTA SAMPANN HITGRAHI' (DAKSH) YOJANA

Pages : ___TO _____

Interest Subvention Scheme -Vanchit Ikai Samooh aur Vargon ko Aarthik Sahayata Yojana (VISVAS Yojana)

1. **Objectives:**

   During the year 2020-21, National Scheduled Castes Finance & Development Corporation (NSFDC), is implementing a new Interest Subvention – **Vanchit Ikai Samooh aur Vargon ki Aarthik Sahayta (VISVAS) Yojana** for the SHGs comprising of all SC beneficiaries with loans/borrowings up to Rs.4.00 Lakh and for SC individual beneficiaries with loan/borrowing up to Rs.2.00 Lakh. This model will give a quick interest benefit to the standard accounts of borrowing SHGs/beneficiaries.

   The objective of the proposed Scheme is to provide direct benefit of lower rate of interest to the eligible Self-Help Groups (SHGs)/ individual beneficiaries who have availed loans through Public Sector Banks (PSBs), Regional Rural Banks (RRBs) and similar financial institutions hereinafter referred to as Lending Institutions.

2. **Implementing Agencies:**

   National Scheduled Castes Finance and Development Corporation (NSFDC) (for SC SHGs/beneficiaries).

3. **Period Of Scheme:**

   Valid for 2020-21 as of now. Further extension contingent on the evaluation of the Scheme.

4. **Salient Features:**

4.1 Interest subvention @ 5% p.a. for loan tenure upto a maximum 5 years shall be provided to Public Sector Banks (PSBs), Regional Rural Banks (RRBs), Cooperative Banks, Cooperative Societies, NBFC-MFIs etc. for the Standard Term Loan/Cash Credit Accounts per SHG, up to

Rs. 4.00 Lakh per SC SHG (SHGs with 100% SC Members). The Interest Subvention shall also be available to Standard Accounts of Term Loans/Micro Finance Loans of up to Rs.2.00 lakh extended by aforesaid Channel Partners (CPs) to eligible Individual loanees from the Scheduled Castes (SC) target group.

4.2 Cases which are not covered under any other interest subvention scheme or concessional finance scheme of any agency (including NSFDC/NRLM)shall alone be covered under NSFDC Interest Subvention Scheme (VISVAS Yojana).

5. Eligibility of SHGs and Individual Beneficiaries :

5.1 NSFDC recognizes Self-Help Groups (SHGs) registered with NRLM/NULM and NABARD and has got a credit history of two yearsin which all members belong to Scheduled Castes.

5.2 The definition of Scheduled Castes (SCs) includes all castes notified in the State and/or Central Government lists of SCs from time to time substantiated on basis of Caste Certificate to be issued by relevant authority of District Administration.

5.3 In addition to above, the annual family income of all members of the SHG/Individuals should be below Rs.5.00 Lakh per annum irrespective of rural or urban areas. The following norms may be used to establish the eligibility of the applicants:

5.3.1 Valid Annual Income Certificate issued by the competent authority of the State Government

5.3.2 AAY card holders, and other individuals facing three or more Deprivations in terms of SECC-2011, as per records available at the relevant BDO Office.

5.3.3 All beneficiaries involved in Agricultural activities and getting coverage under the PM Kisan shall be eligible for coverage under Interest Subvention.

6. Eligibility of Channel Partners (CPs)/Lending Institution (LI)to claim Interest Subvention:

Lending Institutions who sign MoAs with NSFDC to implement the scheme

7. Submission of Claims:

The Quarterly claim for interest subvention for the principal amount of loans/borrowing limit of cash credit accountsup to Rs. 4.00 Lakh provided to the eligible Self-Help Groups (SHGs) is to be submitted by the Channel Partners(CPs)in the prescribed format with bank details of beneficiaries**(Annexure-I)**and to be uploaded in VISVAS portal. The Claim shall be accompanied by a declaration of the concerned Branch Head that the said SHG has not been extended benefits under any other interest subvention scheme, or concessional finance scheme of any agency (including NSFDC) in respect of the principal loan amount for said loan account.

Similarly, quarterly interest subvention claim for standard accounts under Term/Micro Finance Loans up to Rs.2.00 lakh will be submitted in the prescribed format**(Annexure-III)**and uploaded in VISVAS portal with an undertaking that the said individual beneficiary has not been extended benefits under any other interest subvention scheme, or concessional finance scheme of any agency (including NSFDC) in respect of the principal loan amount for said loan account.

8. Procedure for passing on benefit of Interest Subvention:

Interest subvention @ 5% p.a. will be released on receipt of quarterly claim from the Lending Institution in the prescribed format for the eligible SHGs/individual accounts and uploading of the bank details of the SHGs/Beneficiaries in the VISVAS portal. The transfer of subvention will be carried out directly into the account of beneficiaries.

9. Modalities of Transfer

The modalities of transfer of funds are at **Annexure-V**.

10. Monitoring & Evaluation

The scheme shall be monitored by NBCFDC is respect of OBC beneficiaries and by NSFDC in respect of SC beneficiaries in the following manner :-

a. **Digital Monitoring:** All the data of the beneficiaries shall be maintained in the main portal of NBCFDC & NSFDC for OBC and SC beneficiaries respectively.

b. **Physical Monitoring:** NSFDC directly and through deployment of third-party agencies will carry out field level inspections to assess impact of the scheme in development of the asset and subsequent socio-economic benefits derived by the beneficiaries. The Channel Partners will provide all necessary facilitation for the smooth conduct of these inspections.

11. Targets

The interest subvention amount of Rs. 39.01 Crore is expected to benefit approx. 2.2lakh SC beneficiaries.

****

Annexure – I

(For Self Help Groups)

(Claims to be submitted on quarterly basis only)

Claim for Interest Subvention of 5% per annum on loans to SHGs for the credit up to Rs.4.00 Lakhs for the year 20__- 20____

Name of CP/LI: …………….

Period of claim: From ………. To ……………………

Sl. No.	Particulars	Amount (Rs.)
1	Amount of SHG loans disbursed (Up to **Rs.4.00 lakhs** per SHG with interest rate as per data submitted on VISVAS Portal)	
2	Number of such accounts.	
3	Interest Subvention Amount claimed. (As per information uploaded & calculation carried out in VISVAS Portal)	

We certify having the loans SHGs fully owned and governed by SCs, as defined in the guidelines of Interest Subvention Scheme of NSFDC _% p.a. We, further certify, that the amount of interest subvention for the year 20___-20___ being claimed above have been correctly calculated in conformity with NSFDC guidelines. We further undertake that in the event of any inaccuracy/discrepancy detected later during internal/ statutory audit or otherwise, we shall immediately receive the same from the beneficiary and refund to NSFDC such excess amount of interest subvention claims.

The detailed SHG-wise information along with the relevant branch account details in respect of this claim has been uploaded in the VISVAS portal to enable NSFDC to carry out the Direct Beneficiary Transfer (DBT) in respect of the claim.

Signature & seal of
authorized signatory of CP/LI

Name:

Designation:

Date

Annexure – II

(For Self Help Groups)

Statutory Auditor's Certificate

(Certificate to be submitted in the same format)

1. Certified that……. % interest subvention claim of Rs…………………(In words…………………………) for the period from………….to ……………………………for the benefit of eligible SHG referred byt he…………………..(Name of CP/LI) has been worked out as per guidelines of the Interest Subvention Scheme (VISVAS Yojana) of NSFDC. The above claim has been verified to my satisfaction from the records made available by the CP/LI is duly audited by me and is certified as correct.

Signature & seal of Statutory Auditor of CP/LI

Name:

FRN No:

Date :

Annexure – III

(For Individuals)

(Claims to be submitted on quarterly basis only)

Claim for Interest Subvention of 5% per annum on loans to individuals for the credit up-to Rs.2.00 Lakhsfor the year20___- 20___

Name of CP/LI: …………….

Period of claim: From ………..……. To ……………………

Sl.No	Particulars	Amount (Rs.)
1	Amount of individual loan disbursed. (Upto **Rs. 2.00 lakhs** per individual with interest rate as per data submitted on VISVAS Portal)	
2	Number of such accounts.	
3	Interest Subvention Amount claimed. (As per information uploaded & calculation carried out in VISVAS Portal)	

We certify having the loans to eligible individual beneficiary as defined in the guidelines of Interest Subvention Scheme of NSFDC __% p.a. We, further certify, that the amount of interest subvention for the year 20__-20 being claimed above have been correctly calculated in conformity with scheme guidelines. We further undertake that in the event of any inaccuracy/discrepancy detected later during internal/ statutory audit or otherwise, we shall immediately receive the same from the beneficiary and refund to NSFDC such excess amount of interest subvention claims.

The detailed beneficiary-wise information along with the relevant branch account details in respect of this claim is submitted in the VISVAS portal to enable NSFDC to carry out the Direct Beneficiary Transfer (DBT) in respect of the claim.

Signature & seal of
authorized signatory of CP/LI

Name:

Designation:
Date

Annexure – IV

(For Individual Beneficiaries)

Statutory Auditor's Certificate

(Certificate to be submitted in the same format)

Certified that ……..% interest subvention claim of Rs………………… (In words…..........................) for the period from …………….to…………… for the benefit of ………………………………. referred by the (Name of Lending Institution) has been worked as per guidelines of the Interest Subvention Scheme (ISS) –VISVAS Yojana implemented by NSFDC/NBCFDC. The above claim has been verified to my satisfaction from the records made available by the ……………… (Name of LI) and is certified as correct.

Signature & seal of Statutory Auditor of LI

Name:

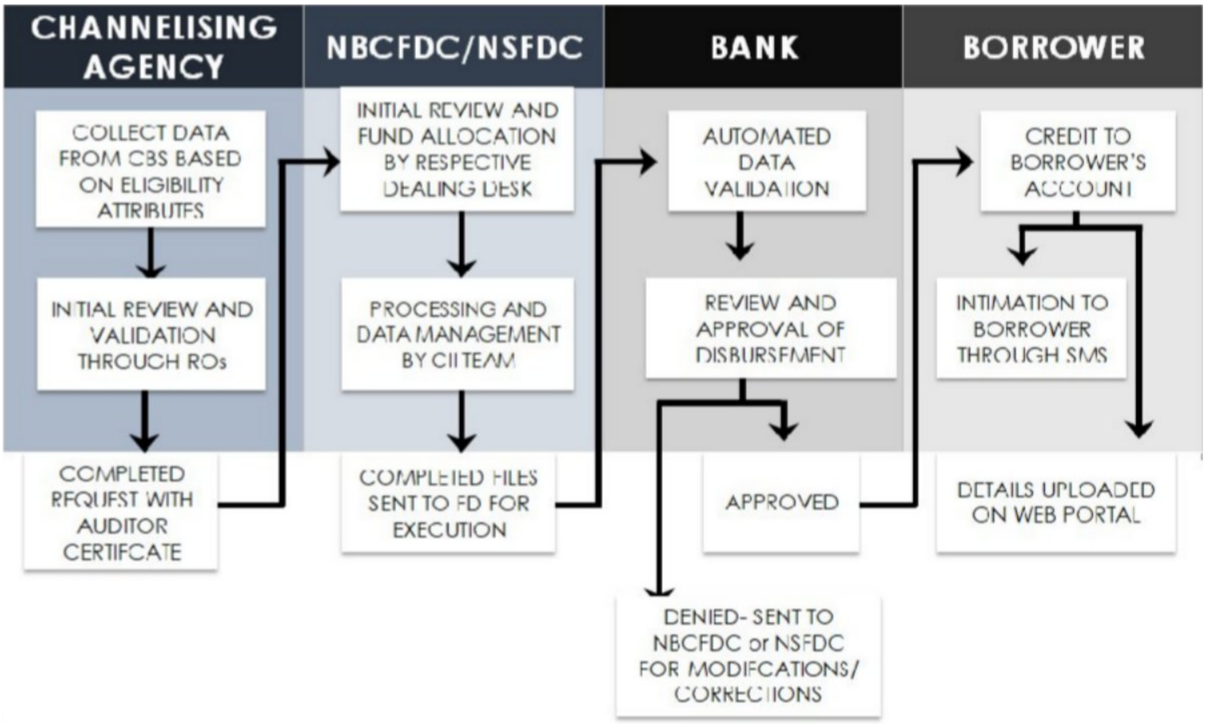
.

FRN No:

Date:

ANNEXURE-V

INTEREST SUBVENTION SCHEME WORKFLOW



ACTION PLAN FOR SKILLING OF MARGINALIZED SECTIONS BELONGING TO SC, OBC AND SANITATION WORKERS, TRANSGENDERS AND OTHER SUCH CATEGORIES - PRADHAN MANTRI DAKSHTA AUR KUSHALTA SAMPANN HITGRAHI' (DAKSH) YOJANA

1. BACKGROUND

The Ministry of Social Justice & Empowerment (MoSJ&E), caters for empowerment of the socially, educationally and economically marginalized sections of the society including SCs, OBCs, Sr. Citizens, victims of alcoholism and substances abuse, transgender persons, De-notified Tribes (DNTs), EBCs, Safai Karamcharies, Waste Pickers and Manual Scavengers. Most of the persons of target group are having minimal economic assets; therefore, provision of training and enhancing their competencies is essential for economic empowerment/ upliftment of these marginalized target groups.

Many of the persons of target group belong to the category of rural artisans who have become marginalized owing to coming of better technologies in market. There is also a need to empower the women amongst the target group, who, due to their overall domestic compulsions, cannot be involved in wage employment which normally involves long working hours and sometimes migration to other cities. Similar challenges are faced by members of Sanitation Workers & Waste Pickers communities who find it difficult to get into mainstream alternate occupations and are forced to therefore engage in self-employment activities.

Similarly, the youth amongst the target group, owing to their educational backwardness also find it difficult to obtain employment with good compensation after undergoing short-term skilling courses. On the other hand it is observed that the long term vocational courses being conducted by ITIs with better market prospects are having large number of vacancies in the SC and OBC categories.

In view of the above, there is a dire need to go beyond routine skilling and instead enhance their competency levels so that artisans may improve on their revenue generation capacities within their practicing vocations, the women may enter into self-employment thereby financially empowering themselves without neglecting their domestic activities and the youth may acquire long-term training and specialization in employable vocations giving them better standing in the job market. They would either require to undergo long term programmes including ITI courses with better market for jobs or alternatively imparted some entrepreneurial development training enabling them to offer some financing and start their own small ventures.

With the above in mind, a National Action Plan for the marginalized persons of SC, OBC, EBC, DNT, Sanitation workers including waste pickers, manual scavengers, transgenders and other similar categories named '**Pradhan Mantri Dakshta Aur Kushalta Sampann Hitgrahi**' (**DAKSH**) Yojana is proposed to be put in place with a multi-pronged strategy to improve the all-round competency and adeptness of and10 lakh persons of these categories over the next four years, beginning with nearly 1.5 lakh youth in the first year i.e. 2020-21

2. CATEGORIZATION OF SKILLING PROGRAMMES

The MoSJ&E aspires to train persons from its target group over the period of 2020-21 to 2023-24, broadly in the following sub-categories:

A. Up-skilling/Recognition of Prior Learning (RPL):

(a) **Target Group:**
Marginal rural artisans belonging to SC/OBC/EBC/DNT categories and other such entrepreneurs in addition to sanitation workers, waste pickers and their dependant who constitute the bottom of the pyramid.

(b) **Curriculum**:
The training would be ***in situ***, and the trainers would approach the artisans in their works locations. On the vocation of practice such as pottery, weaving, clay & bamboo, metal work, carpentry, waste segregation, domestic workers along with financial and digital literacy etc. The trainer has to be a master craftsman or designer

or a person who is well associated with the vocation. The training would consist of improving the implements, designs and processes so that the income would double from the occupation.

Specifically in respect of sanitation workers including waste pickers and manual scavengers the curriculum will include the programmes on safe & healthy sanitation practices and RPL for waste pickers, for which QPs have been developed by NSKFDC and Skill Council for Green Jobs
Certification would be aligned with the standard process of Institute of Excellence coordinating the training programme.

(c) **Period of Training**:
The duration of the training programmes will be 32 to 80 hours and spaced over upto one month, duly keeping in mind the occupational hours of the trainees.

(d) **Training Cost**:
The training cost will be limited to extent of Common Cost Norms (CCN) as applicable from time to time.

(e) **Other Expenses**:
As the trainees are already employed, they will be paid Rs.2500/- per person per programme, in the form of stipend, for duration of training of Up-skilling/RPL, towards compensation of their wage loss, during the period of training.

(f) **Share of Training Type:**
Upskilling/Reskilling will comprise of 30% of all training conducted by NSFDC and NBCFDC and 50% of training conducted by NSKFDC.

B. Short Term Courses (focus on self employment):

(a) **Target Group:**
Most disempowered groups belonging to SC/OBC/EBC/DNT and Sanitation Workers/Manual Scavengers/Waste Pickers (including dependents) categories who are illiterate/semi-illiterate and unemployed. Special focus on women, members of the transgender and beggars communities etc - with primary objective

of training and providing assistance to start self-employment venture.

(b) **Curriculum**:
The Curriculum of the training programmes will be as per National Skill Qualification Framework (NSQF)/National Occupational Standard (NOS), issued by Ministry of Skill Development and Entrepreneurship, Govt. of India in various job roles with focus on self employment opportunities such as self-employed tailors training, furniture making, food processing, carpet weaving, beautician workers, leather work, latex harvesting, tyre fitting along with financial and digital literacy etc. Every skill imparted shall have a component of Entrepreneurial Development Programme (EDP).

(c) **Period of Training**:
The duration of the training programmes will be normally 200 hours to 600 hours and upto 5 months, as stipulated in National Occupational Standards (NOS) and Qualification Packs (QPs). Every training will have a component of linkage with Banks for assistance to start a self employment venture.

(d) **Training Cost:**
The training cost will be as per Common Cost Norms as applicable and amended from time to time.

(e) **Other Expenses**:

(i) For non-residential training programmes**,** the trainees will be paid stipend (compensation of transportation charges), @ Rs.1500/- per month for SC candidates, Rs.1000/- per month to OBCs/EBCs/DNTs and Rs.1500/- per month to Sanitation Workers (including waste pickers) and their dependents.

(ii) For residential training programmes, wherever necessary, the trainees will be provided boarding and lodging and expenses compensated as per CCN, for complete duration of the training programmes. No stipend will be separately payble except in case of Safai Karamcharis; Waste Pickers & their dependants who will be paid Rs.500/- per month.

(iii) In case of Manual Scavengers and their dependants, Rs.3000/- per month (in compliance of the MS Act, 2013.) will be paid as stipend for both non-residential and residential training.

(iv) For conducting skill development training programme for the sensitive target groups such as Transgenders, Beggars, Victims of Substance Abuse etc. the training providers would require additional facilitation for mobilization, handholding, post placement support, providing toolkit and other measures. Keeping in view of the above, following may be admissible in case of programme for these sensitive target groups:

- Handholding support for refreshment, conveyance and counseling etc. @ Rs.1000/- p. m.
- Tool-kit @ upto Rs.5000/- per trainee
- Mobilization and handholding @ Rs.500/- per trainee.
- Stipend amount @ Rs.1000/- p.m. for non-residential training as already stipulated in SDTP scheme of NBCFDC subject to 70% overall attendance

(f) **Share of Training Type:**
Short term training will comprise of 20% of all training conducted by NSFDC and NBCFDC and 40% of training conducted by NSKFDC.

C. Entrepreneurial Development Programmes (EDP):

(a) Target Group:
SC and OBC youth who have preferably undergone skill training under the PMKVY and are having an entrepreneurial bent of mind.

(b) Curriculum:
The Curriculum of the training programme will essentially be modelled on the programmes of Ministry of Rural Development being implemented by the RSETIs. The training would consist of sessions on Effective Communication Skills, Risk Taking Behaviour, Business

Opportunity Guidance, Market Survey, Systematic Planning, Banking –Deposits, Advances and Lending, Costing & Pricing, Time Management, Working Capital and its Management, Business Plan Preparation etc.

(c) Period of Training:
The duration of the training will normally 80 hours (10 days) or as stipulated by MoRD.

(d) Training Cost:
The training cost will be reimbursed as per the norms of MoRD for compensation which are broadly modelled as per the Common Cost Norms.

(e) Other Expenses:

(i) Payment will be made as per Common Cost Norms/Guidelines of MoRD or other relevant Government documents, as in vogue.

(ii) Assessment and certification charges of Rs.1500/- per candidate will be payable to assessing and certification body.

(f) Share of Training Type:
EDP will comprise of 30% of all training of NSFDC and NBCFDC.

D. Long Term Courses (for global class skills) :

(a) **Target Group:**
SC, poor OBC, EBC, DNT youth and Sanitation Workers/Manual Scavengers/Waste Pickers (including their dependants), transgenders etc who have been educated upto 10th class or more and having aspirations to be employed in sectors having good demand in job market with starting compensation of the range of at least Rs.20,000/- p.m & above with opportunities for placement abroad.

(b) **Curriculum**:
The Curriculum of the training programmes will be as per NSQF, NCVT, AICTE, MSME, and other reputed certification programmes including those run by State Government entities in areas such as

production technology, plastic processing, apparel technology, health care sector, tourism, aviation, nursery teachers training etc. Certification provided will be aligned with the processes of the concerned training programmes.

(c) **Period of Training**:
The duration of the training programmes will be six months and above and usually upto 1 year, as stipulated by the concerned board/regulatory body of the training centre.

(d) **Training Cost**:
The training cost will be as per Common Cost Norms for NSQF job roles or as stipulated by concerned board as applicable and as amended from time to time.

(e) **Other Expenses**:

(i) For non-residential training programmes, the trainees will be paid stipend (compensation of transportation charges), @ Rs.1500/- per month for SC candidates, Rs.1000/- per month to OBCs/EBCs/DNTs and Rs.1500/- per month to Sanitation Workers (including waste pickers) and their dependents.

(ii) For residential training programmes, wherever necessary, the trainees will be provided boarding and lodging and expenses compensated as per CCN, for complete duration of the training programmes. No stipend will be separately payble except in case of Safai Karamcharis; Waste Pickers & their dependants who will be paid Rs.500/- per month.

(iii) In case of Manual Scavengers and their dependants, Rs.3000/- per month (in compliance of the MS Act, 2013.) will be paid as stipend for both non-residential and residential training.

(f) **Share of Training Type:**

Long Term Training will comprise 20% of all training of NSFDC and NBCFDC and 10% of all training of NSKFDC.

The above four programmes will be implemented through the three Apex Corporations National Scheduled Castes Finance and Development Corporation (NSFDC), National Backward Classes Finance & Development Corporation (NBCFDC) & National Safai Karamcharis Finance and Development Corporation through whom an estimated 4.25 lakh persons will be trained during next four years, which will include 92,000 in the year 2020-21.

3. METHODOLOGY OF IMPLEMENTATION

3.1 Notional Allocation

- A Notional Allocation based on the SC population of the State (for SC candidates) and on the overall population of the State in the case of training of OBC/EBC/DNT, sanitation workers including waste pickers & other categories has been made for the year 2020-21 after necessary rounding of and is annexed at **Annexure I.** This allocation also takes into consideration the share of the various types of training as stipulated for the three Corporations at 2 (A) to (D) above and the need to have a minimum batch size.

3.2 Training Partners

- The Corporation will extensively rely on State Skill Development Missions (SSDMs) who are expected to have ground level knowledge of the skill aspirations and employment opportunities in their state as also access to literature on Skill Gap analysis carried out by NSDC.
- In addition to above the Corporation over the past five years have identified some credible Training institutes (mostly government or having significant government holding) as also Sector Skill Councils (constituted under the aegis of MSDE) and some foundations/trusts of Corporate excellence who have a good track record of conducting relevant skill training programmes and placing the trained candidates. List of these agencies are enclosed at **Annexure – II.**

3.3 Allocation of Programmes

(a) For 2(A), 2(B) and 2(D) Expression of Interest (EOI) will be floated seeking proposals from SSDMs and the agencies identified at Annexure – II enclosing the state-wise Notional allocation (Annexure – I).

(b) While SSDMs are expected to submit proposal in sync with the aspirations and employment opportunities in the state, to eliminate chances of the other councils/institutes not submitting the state relevant proposal, they will be asked to have the proposals duly endorsed by relevant District Skilling authority or SSDM authorized functionary confirming that the proposals are relevant to the district/state for enabling wage/self-employment.

In case of NSKFDC, the training agency will require to submit the proposal duly endorsed by Municipalities, Cantonment Boards, Gram Panchayat, Railways, and Government Hospitals etc. confirming availability of sufficient numbers of the target group who can be imparted training in proposed vocation.

(c) After receipt and scrutiny of the proposals, the concerned Corporation will allocate numbers to the applicants giving due consideration to the past record of the agency in implementing the programme, assessment of employability of the job roles on offer etc. Specifically in case of NSKFDC, preference will be given to training of Manual Scavengers (MS). If required, the applicants will be called for interactions and also to resubmit modified proposals.

(d) In case of in-sufficient proposals from a state, the number may be transferred to other states with good track record and from where the proposals have been received.

(e) Specifically with respect to 2(C) i.e. EDPs, an MoU is being signed with NACER, the National Centre for Excellence of RSETIs who are under the aegis of Ministry of Rural Development for carrying out EDP programmes and building bank linkages for primarily rural youth many of whom belong to the target group of the Corporations. Simultaneously other reputed government/ government promoted agencies carrying out EDP will also be engaged with, subject mutual consultations and consensus.

3.4 Implementation of Programmes

- Mobilization of the candidates will be done through various means of publicity by the training agencies.
- Selection Committee Meetings will be held for selection of the candidates which will have to mandatorily include a functionary of the Central/State govt. and their undertaking or PSBs/RRBs esp. in case of private training partners.

- Training courses will be in alignment with NSQF/AICTE/NCVT etc. guidelines.
- Training will be conducted as per Common Norms, NCVT etc. guidelines
- Third party assessment and certification of the candidates will be done after successful completion of the training programme.
- The trained candidates will be facilitated for placement in wage/self-employment.

4. **<u>OUTCOME</u>**

The targeted outcome of the competency enhancement training programmes will be as under:

(4.1) <u>Up-skilling Programmes</u>: Enhancement of earnings of livelihood as self certified by the beneficiaries.

(4.2) <u>Short Term Training Programmes</u>: The overall placement of the trained persons should by 70% in wage/self employment.

(4.3) <u>Entrepreneurship Development Programme:</u> After completion of EDP training, at least 70% candidates should be self-employed and/or wage employed to earn their livelihood.

(4.4) <u>Long Term Training Programmes</u>: The overall placement of the trained persons should by 70% in wage/self-employment with at least 70% of those employed being in wage employment.

5. **<u>MONITORING</u>**

The implementation of the training programmes will be monitored as under:

The Apex Corporations will directly monitor all the training programmes. This will include participation either directly or through their representatives in the Selection Committee Meetings, review of Selection Committee meeting minutes having details of the trainees, e-based and direct surveillance of the training programmes, consolidation of details of trained beneficiaries in the designated portal etc.

6. <u>CONVERGENCE WITH ITI SYSTEM OF VOCATIONAL EDUCATION</u>

A vibrant system of training exists in the ITIs set-up under erstwhile Ministry of Labour and presently with MSDE. These ITIs offer vocational selective long term courses with good employability. However the capacity of these ITIs is not being fully utilized especially in respect of seats reserved for the SC category including sanitation workers, manual scavengers and their dependants.

The Ministry will therefore put in place an incentive system to facilitate Long Term courses for six lakh persons, belonging to these target groups, in the industry linked ITIs which have good job employment potential. For this the Ministry will establish linkages with MSDE/DGET and devise a system for incentivizing the ITIs to mobilize poor SC and dependents of sanitation workers including waste pickers and manual scavengers and mentor them during course of training. In this manner a total of 6,00,000 youth will be trained by filling reserved vacancies prevailing within ITI system in next 4 years beginning with 50,000 in the first year 2020-21.

To start with, a provision of Rs.6000/- per trainee is being made for incentivising the groups as mentioned above and accordingly Rs.30.00 Crore is budgeted for this activity.

(a) **Target Group:**
SC candidates as also dependents of sanitation workers including waste pickers and manual scavengers and with minimum 10th pass, selected a basis by a suitable process.

(b) **Curriculum**:
The Curriculum of the training programmes will be as per NCVT in various trades having good employment potential as assessed by ITI.

(c) **Period of Training**:
Duration of the training programmes will be as per norms of MSDE/ DGT.

(d) **Training Incentive**:
A training incentive of upto Rs.6000/- per trainee for any specific purpose as mutually agreed upon by MoSJE & MSDE.

(e) **Payment of training expenses**:

The MoSJ&E will release the funds towards mobilization/mentoring and or training of target group to MSDE/ affiliated agencies directly based on mutually agreed procedure.

7. FUNDING REQUIREMENT AND SOURCES

7.1 Requirement:

The training cost for training an anticipated 1,42,000 youth (92,000 by the three Apex Corporations and 50,000 by the ITIs) during the year 2020-21, has been worked out in **Annexure III,** as Rs.172 Crore approx. Adding Rs.30.00 Crore for incentivizing of SC candidates and dependents of Sanitation workers including waste pickers and manual scavengers (Rs.6000 x 50000) the total budget works out to Rs.202 Crores as per break up:

(i) OBC/EBC/DNT-Rs.67 Crore
(ii) SC- Rs.61 Crore
(iii) Sanitation Workers including waste pickers and manual scavengers-Rs.44 Crore
(iv) Incentivising of SC and sanitation workers for training in ITIs.- Rs.30 Crore

In addition to above, the scheme will be implemented by converging with the schemes run by the State Governments for the SC/OBC youth so that the impact and outreach of the programme can be maximized with optimum use of Central Funds.

7.2 Sources:

The funding requirements for 2020-21 are proposed to be met out as under:

- For 7.1 (i) from the head of skill training for OBC/EBC/DNT in which Rs.50 Crore have been allocated presently.

- For 7.1 (ii) to (iv) from the head of PM-AJAY where 10% of Rs.1200 Crore or Rs.120 Crore has been set aside for skill training & ITI interventions for beneficiaries belonging to SC category.

- For manual scavengers being skilled as part of 7.1(iii), the funds will be sourced through the SRMS budget allocated by Ministry to NSKFDC.

- Additional funding as allocated by Ministry for skilling of special groups such as members of Transgender Community, Victims of Substance Abuse, members of beggar community etc. will also be utilized.

*****

No.:NSF-CDN02/13/2023-FIN
Government of India
Ministry of Social Justice & Empowerment
(Department of Social Justice & Empowerment)
*****

Shastri Bhawan, New Delhi – 110 001
Dated: 7th January, 2026

To,

The Chairman-cum-Managing Director,
National Scheduled Castes Finance and Development Corporation,
14th Floor, SCOPE Minar, Core 1 & 2,
Laxmi Nagar District Centre,
Laxmi Nagar, **Delhi – 110 092**

Subject:- Revision of Annual Family Income Limit under Credit-Based Schemes of NSFDC -reg.

Sir,

I am directed to refer to NSFDC's proposal received vide note#50 of e-file number 79029 dated 29.10.2025 on the subject cited above and to state that the Competent Authority has approved the proposal for revising the annual family income ceiling for Credit Based Schemes of NSFDC as follows:-

Existing Limit for eligibility	**Revised Limit for eligibility**
Annual Family Income of up to Rs.3.00 lakh (for both Rural and Urban Areas)	Annual Family Income of up to Rs.5.00 lakh (for both Rural and Urban Areas)

2. NSFDC will utilize their internal resources consisting of repayments, refunds received and other incomes to accommodate the likely increase in number of beneficiaries due to aforementioned revision in income ceiling.

3. This issue with the approval of the Hon'ble Minister (SJ&E).

Digitally signed by
SUNIL KUMAR BHATIA
Date: 07-01-2026
19:40:23

Yours faithfully,

(Sunil Kumar Bhatia)
Under Secretary to the Govt. of India
Email:-sk.bhatia69@nic.in

CIN: U93000DL1989NPL034967

स्वच्छ भारत
एक कदम स्वच्छता की ओर

अनुविनि
nsfdc

नेशनल शेड्यूल्ड कास्ट्स फाइनेंस एंड डेवलपमेंट कार्पोरेशन
(भारत सरकार का उपक्रम)

National Scheduled Castes Finance and Development Corporation
(A Govt. of India Undertaking)

NSFDC/Cdn./2025-26/073 15.04.2026

To,

All SCAs/CAs of NSFDC

Subject: Implementation of NSFDC's new Incentive Scheme - *Incentive Scheme for Channel Partners of NSFDC (ISCPN)* for SCAs & OCAs (excluding Public Sector Banks) - reg.

Sir/Madam,

This is to inform that, the NSFDC Board, in its 175th Meeting held on 09.03.2026, has approved a new incentive scheme titled *"Incentive Scheme for Channel Partners of NSFDC (ISCPN)"* for State Channelizing Agencies (SCAs) and Other Channelizing Agencies (OCAs), excluding Public Sector Banks (PSBs).

2. The Scheme aims to incentivize improved performance, enhanced outreach, and effective implementation of NSFDC schemes by the channel partners. The New Incentive scheme shall be applicable with effect from 01.04.2026.

3. The earlier incentive scheme, i.e., ISOCA, shall remain applicable only up to the financial year 2025–26.

4. A copy of the detailed guidelines of ISCPN are enclosed as **Annexure-I.**

This issues with the approval of the competent authority.

Yours Sincerely,

सी. रमेशराव

C. Ramesh Rao
Chief General Manager

Encl.: As above (**Annexure-I**)

पंजीकृत एवं प्र. का.: 14वीं मंजिल, स्कोप मीनार, कोर 1 और 2, लक्ष्मी नगर जिला केन्द्र, लक्ष्मी नगर, दिल्ली–110092
Regd. & H.O.: 14th Floor, SCOPE Minar, Core - 1 & 2, Laxmi Nagar District Centre, Laxmi Nagar, Delhi-110092
दूरभाष / Tel.: 011-22054391, 22054392, 22054394, 22054396 फैक्स / Fax: 011-22054395, 22054349
E-mail: support-nsfdc@nic.in • Website: www.nsfdc.nic.in

Annexure-I

Incentive Scheme for Channel Partners of NSFDC (ISCPN), 2026

1. **Objectives**

The objectives of the Scheme are:

(a) To strengthen the infrastructure and institutional capacity of Channel Partners;
(b) To improve delivery mechanisms for effective implementation of NSFDC schemes;
(c) To enhance awareness generation and mobilization of eligible beneficiaries;
(d) To ensure timely utilization of funds disbursed by NSFDC; and
(e) To strengthen monitoring and recovery systems.

2. **Salient Features of the Scheme**

2.1 Eligibility

All Channel Partners of NSFDC (except PSBs) shall be eligible if they satisfy the following conditions:

(a) Continuously availed NSFDC funds for the last three years for implementation of schemes;
(b) Achieved 100% cumulative fund utilization as on 31st March (beyond retention period) of the relevant financial year;
(c) Achieved 100% cumulative recovery, including interest on refund, up to the relevant financial year;
(d) Have no pending Utilization Certificates in respect of earlier incentive amounts, if any;
(e) The Channelizing partners under any kind of re-scheduling / amnesty scheme shall be ineligible under the scheme.

2.2 Quantum of Incentive

(a) Maximum financial outgo: Rs. 50.00 lakh per year, subject to availability of funds.
(b) Incentive Rate: 0.5% of Recovery (excluding interest on refund) during relevant financial year.
(c) Maximum per SCA/OCA: Rs. 10.00 lakh.
(d) If total eligible amount exceeds Rs. 50.00 lakh in a financial year, the payout will be distributed on pro-rata basis.

2.3 Utilization of Incentive Amount

The Incentive amount shall be utilized by the Channel Partners for the following activities:-

(a) Improvement of delivery mechanism e.g. Procurement of Computers/Printers/Internet connectivity & related Peripherals, Computerization of beneficiaries records, ensuring Digitization & DBT system etc.

(b) Purchase/Hiring of Vehicles for loan recovery and monitoring of units.

3. The Scheme shall be implemented in accordance with the terms and conditions outlined above and the new incentive policy will be effective from 1st April, 26.