

Minutes of the 8th meeting of the Nodal Agency for SCSP/TSP held in the chambers of Hon'ble Minister for Social Welfare and Empowerment and Tribal Welfare and Empowerment on October 27th, 2014 on schemes taken up by Industries Department under SCSP/TSP.

Present

1. Hon'ble Minister for Social Welfare and Empowerment and Tribal Welfare and Empowerment.
2. Principal Secretary to Government, Tribal Welfare Department.
3. Secretary to Government, Social Welfare Department.
4. Commissioner, Industries Department, Hyderabad.
5. Commissioner, Tribal Welfare Department.
6. Commissioner, Social Welfare Department.

At the outset, the Hon'ble Minister for SWE and TWE, while initiating the discussions, stated that as a result of growing influence of liberalization, privatization and globalization, the traditional source of upward mobility of SCs/STs i.e., jobs in government sector is gradually dwindling. As a result, the unemployment among the SCs/STs is alarmingly increasing leading to unrest and conflicting situation in the society which has to be addressed and alternative sources of employment need to be explored and provided.

The opportunities thrown open through liberalization, privatization and globalization in private sector should also be made available to SC/ST entrepreneurs so that the fruits of development would reach these vulnerable sections of society.

Hon'ble Minister further stated that Governor of Andhra Pradesh in his inaugural address announced the resolve of the new government to start a venture capital fund to assist the SCs/STs to set up MSMEs.

Hon'ble Minister also directed that the Social Welfare/Tribal Welfare Departments in general and SC Corporation/TRICOR in particular be involved in the schemes being implemented by Industries Department under SCSP and TSP, so that there shall be a convergence of impact of various schemes/ projects being implemented by different departments under SCSP/TSP and people should also appreciate that the visible impact is due to proper implementation of SCSP/TSP by the government.

Sri Rajat Kumar, I.A.S. and Commissioner, Industries explained in detail the schemes proposed during 2014-15 under SCSP and TSP.

Though the MSME Act, 2006 envisaged adequate flow of funds to SCs/STs entrepreneurs, in practice the actual coverage of SCs is dismally as low as 5% and in case of STs it is only 2%. Regretably, the average loan amount lending to SCs/STs is as low as Rs.3 lakhs. The reasons for inadequate flow of funding for units set up by SCs/STs are interalia, inaccessibility to institutional finance, apathy of bankers, role of middle-men, lack of institutional mechanism to monitor the flow of funds to SC/ST entrepreneurs from government side.

Hon'ble Minister for SWE and TWE and Chairperson of the Nodal Agency for SCSP/TSP directed that Industries Department shall take up follow up action immediately on the following subjects:-

1. Detailed Action Plan has to be prepared with time lines for spending of budget allotted under SCSP and TSP for 2014-15.
2. Industries Department can send proposal to Tribal Welfare Department for allocation of additional funds for 2014-15 for initiating necessary reappropriation.
3. Details of beneficiaries under SCSP/TSP for 2013-14 and 2014-15 (as on date) under incentives schemes are to be sent to SW and TW departments, in order to assess the impact and to evaluate the progress in terms of performance vis-à-vis targets and to achieve convergence.
4. Immediate action needs to be taken on the following issues:
 - The Credit Guarantee Scheme
 - Capacity Building for Supply Diversity Program should be finalized and GO shall be issued immediately.
 - Entrepreneurship Development Program (EDP) for 1000 prospective entrepreneurs of SCs as well as STs.
 - Contractor Development Program.
 - Margin Money Scheme.

Government order should also be issued on providing reservation for SCs/STs in marketing support scheme, on the lines of existing orders issued by Government of India, in consultation with DICCI.

Government orders should also be issued to have a separate state procurement policy in line with the Government of India procurement policy 2012 and procurement shall be 16.6% for S.C. Enterprises and 6% from S.T. Enterprises.

Cabinet note has to be circulated to create Venture Capital Fund, since it was announced by the Hon'ble Governor in his inaugural address to the state legislature. It is proposed that government can be part of the SME FUND/venture capital of DICCI.

A separate operating mechanism can be evolved with the consultation of DICCI SME FUND management to invest 20% matching amount, with a condition that all the money shall be invested in SC/ST enterprises from within the Andhra Pradesh State.

Government have constituted Task Force for Industry and Infrastructure as per G.O.Ms.No.93 Industries and Commerce (IP & INF) 25.08.2014, and representative of DICCI shall be made one of the members in the Task Force for Industry and Infrastructure.

DICCI, AP Chapter, can be actively involved in finalization of the new schemes and monitoring of the schemes at the ground level, whereas actual selection of beneficiaries can be done by government machinery. SW and TW departments should also be involved in all activities related to promotion of SC/ST entrepreneurs under SCSP/TSP.

There are certain modifications recommended in the operational guidelines issued vide G.O.Ms.No.42 Industries and Commerce (IP) Department dated 05.05.2011 by Principal Secretary to Government & C.I.P and Commissioner of Industries during the meeting held on 25.02.2014 and minutes are also approved accordingly. Hence, it is recommended to issue Government orders duly revising the earlier above orders. A copy of the minutes dated 25.02.2014 is enclosed herewith for ready reference.

The Commissioner of Industries, forwarded the proposals to Government vide It.No.39/01/2014/14120, dated 27.09.2014, recommending the new schemes under S.C. Sub Plan and Tribal Sub Plan, where it needs certain modifications as follows.

Annexure I
(Existing scheme – Industrial Investment Promotion Policy 2010-15)

The following additional incentives may be provided to the SC/ST Entrepreneurs in respect of Micro, Small and Medium Enterprises.

1. Reimbursement of 33.33% of land cost in Industrial areas without any ceiling.
2. Reimbursement of 100% land conversion charges without any ceiling.
3. Reimbursement of Rs.2.00 per unit towards reimbursement of power cost for a period of 5 years.
4. Seed Capital assistance @ 20% for micro, small and medium enterprises.
5. 100% VAT/CST or SGST for micro and Small Enterprises and 75% for Medium enterprises and 50% Large Industries.
6. Reimbursement of interest subsidy under pavala vaddi scheme may be extended to Micro, Small, Medium for both manufacturing and servicing activities.
7. Advance subsidy may be extended to all the units based on in-principal sanction letters issued by the financial institutions without insisting disbursement of loan.
8. 100% reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.5000 per person which ever lower.
9. 100% reimbursement of quality certification charges limited to Rs.5.00 lakhs.
10. 100% reimbursement of cleaner production measures limited to Rs.5.00 lakhs.
11. 100% of the cost of infrastructure under IIDF limited to Rs.1.00 Cr in respect of actual expenditure incurred for power, water, approach road, drainage and Communications network required for the enterprise, Service charges, deposits if any to any department shall be reimbursed.

Annexure II (Margin Money Scheme)

The credit limit may be allowed upto Rs.100.00 lakhs without age and educational restrictions.

The scheme shall be made applicable to new micro and small enterprises both for manufacturing and service enterprises excluding passenger transport vehicles.

Assistance may be extended in the form of soft loan/seed capital limited to a maximum of Rs.25.00 lakhs instead of margin money grant as proposed in the scheme. The seed capital thus provided shall be recovered with 3% rate of interest.

Means of finance shall be modified with Government contribution as soft loan @ 20% limited to Rs.25.00 lakhs.

The term beneficiary shall be renamed as "Enterprise".

The representative of DICCI, shall be a member in the task force committee for the selection of entrepreneurs.

Methodology for the implementation of the scheme: All the micro, Small Enterprises both in manufacturing and service sector excluding passenger transport vehicles shall be incorporated. The rate of interest @14% for recovery of margin money is not applicable as the scheme is different.

Hon'ble Minister opined that margin money grant shall be converted into soft loan and same shall be released directly to the financial institution and the soft loan shall be charged interest @3%. The soft loan shall be repaid within 6 years with a moratorium period of 2 years.

Annexure III

Institutions like NIMSME and DICCI, IIP, CIPET, CFTRI shall be included.

The representative of DICCI is one of the members in the task force committee.

Annexure IV

No income limit shall be prescribed.

ISB, IIM, EDII and other university/institutions recognized by UGC/ AICTE/DOECC.

Annexure V

Under Credit Guarantee Scheme, the contents shall be read as "More than 51% stake holding either by SC or ST Entrepreneurs, will be criteria for classification to decide whether SC/ST Enterprise as per IIPP 2010-15 guidelines".

Annexure VI

All Central Government Departments/All State Government Departments/All State and Central owned Public Sector Enterprises/Private Sector major, medium and Small Industries, shall be included.

Annexure VII

Purpose: Class IV Contract Works with volume of works upto Rs.100.00 lakhs, may be substituted in place of Class V contract works duly modifying the Government orders if any.

Age : Age above 18 years may be considered without upper age restrictions.

**Sd/-R.Kishore Babu
Minister for SWE & TWE**

**Sd/-
Secretary to Govt., SWD**

To

1. Principal Secretary to Government, Tribal Welfare Department.
2. Principal Secretary to Government, Industries Department.
3. Secretary to Government, Social Welfare Department.
4. Commissioner, Industries Department, Hyderabad.
5. Commissioner, Tribal Welfare Department.
6. Commissioner, Social Welfare Department.

Copy to the PS to Hon'ble Minister for SWE & TWE.