

SWAVALAMBANA LOAN RULES 1987 - APPROVED BY GOVERNMENT VIDE ITS ORDERS

1. G.O. No. SWL 118 BCA 86 DATED 10/6/87
2. G.O. No. SWD 533 BCA 95 DATED 5/8/96
3. G.O. No. SWD 771 BCA 96 DATED 10/1/97
4. G.O. No. SWD 82 BCA 96 DATED 29/12/98

AS AMENDED BY THE BOARD OF DIRECTORS OF THE KARNATAKA MINORITIES DEVELOPMENT CORPORATION LIMITED VIDE RESOLUTION NO. 68.07 Dated 29-6-99

1. SHORT TITLE AND COMMENCEMENT:-

- (1) These rules may be called the KARNATAKA MINORITIES DEVELOPMENT CORPORATION LIMITED SWAVALAMBANA LOAN RULES.
- (2) They shall come into force at once.

2. DEFINITIONS:-

- (a) "**Act**" means the Companies Act, 1956 (1 of 1956).
- (b) "**Corporation**" means "THE KARNATAKA MINORITIES DEVELOPMENT CORPORATION LIMITED".
- (c) "**Office**" means the Registered Office of the Corporation for the time being.
- (d) "**Government**" means the State Government.
- (e) "**Managing Director**" means Chief Executive Head of the Corporation.
- (f) "**Director**" means the Directors for the time being of the Corporation.
- (g) "**Chairman**" means the Chairman of the Board for the time being of the Corporation.
- (h) "**Applicant**" means applicants belonging to Religious Minorities.
- (i) "**Co-operative Society**" means a Society as defined under the Karnataka Co-operative Societies Act, 1959 (Karnataka Act 11 of 1959), exclusively for the welfare of religious minorities.
- (j) "**Seal**" means the Common Seal of the Corporation.
- (k) "**In writing or Written**", includes, printing, lithograph and other modes of representing or reproducing words in visible forms.
- (l) "**District Committee**" means a Committee as specified in the Schedule to these Rules.

3. ELIGIBILITY:-

- (1) The applicant shall belong to religious minorities.
- (2) The applicant should be a permanent resident of Karnataka State by birth or domicile.
- (3) Where applicant is a Co-operative Society, it shall have been registered exclusively for the welfare of religious Minorities in the State.

- (4) If the applicant is an artisan, he shall be either educated or trained in the trade craft, or industry for which a loan has been sought (educational qualification certificate or Diploma in the Trade, if any, shall be enclosed to the application). If he is not educated or trained he must at least have sufficient experience in trade to start on his own. (Certificate of experience shall be enclosed to the application)
- (5) Applicant's whose total family income does not exceed Rs. 22000/ (Rupees Twenty two thousand only) shall be eligible for loan under the scheme.
- (6) Where the applicant applies under the Self Employment Programme, educated or uneducated, he must be a registered candidate of the Employment Exchange.
- (7) The applicant shall satisfy such conditions as may be specified by the Board from time to time.

4. ECONOMIC SCHEMES

The Corporation may sanction loans to the members of minorities or a Co-operative Society for any of the following schemes:-

INDUSTRIES

1. Agarbathi manufacturing
2. Ayurvedic preparation
3. Audio Casette assembly
4. Artificial Pearls
5. Auto Seat Cover
6. Aluminium utensils
7. Assembly of electrical shade and fittings
8. Artificial Sambrani
9. Aerated Waters
10. Bed manufacturing
11. Brick manufacturing
12. Bio Gas
13. Boat manufacturing
14. Battery Eliminator
15. Beedi Manufacturing
16. Ball Pen Refills
17. Blow Moulded Toys and Containers
18. Biological Models
19. Burnt Lime
20. Broom Sticks
21. Basket Making
22. Candle work
23. Chowli manufacturing
24. Copper and brass utensil manufacturing
25. Chalk and cryons industry
26. Charcoal Stove/Improved Wood Burning
27. Commercial grade PCE
28. Component Assembly
29. Card Board Cartoons
30. Camphor Tablets.
31. Cleaning Powder
32. Clay Toys
33. Carved Statues (Stone)
34. Country Bricks
35. Cement hollow blocks Soil Cement Blocks
36. Cotton Tapes
37. Cemented Chappals
38. Children Foot Ball
39. Cricket Ball for children
40. Chewing Tobacco
41. Chewing Lime
42. Coir Door Mats
43. Cotton Candy
44. Concrete Jelly Tanks
45. Cycle Seat Covers
46. Cart Manufacturing
47. Decorative Neon Lamps/Glasses
48. Desk Diary, Calendar
49. Distilled Water for Automobiles
50. Deodrants
51. Distempers
52. Dairy Milk/Products

53. Electronic Fan Regulator and Light Dimmers
54. Envelope
55. Electronic Door Bell
56. File Covers
57. Fibreglass Products
58. Gobber Gas
59. Gem Clips
60. Handloom Industry
61. Harmonium Manufacturing
62. Handbags from Plastic Woven Cloth
63. Household (Dry and Wet Grinders)
64. Industrial hand Gloves
65. Ice Cream/Candy
66. Inverters and Emergency Lights
67. Kum Kum Powders and Kajal
68. Key Chains
69. Kalkunda (Sugar Candy)
70. Kuchu Making (for Ladies)
71. Light Fabrication Shop (Gates and Grills)
72. Lens grinding
73. Leather Shoes
74. Metal Polish
75. Microres
76. Manufacturing of Hats.
77. Masala Powder
78. Manufacturing Tooth/Face powder
79. Nylon Socks
80. Poultry Equipment
81. Oil Extraction
82. Power Loom
83. P.C.B. Art Work
84. Paper Toys Bags
85. Plastic Buttons
86. Paints
87. Pre-Processed Waste Cotton
88. Plastic Twine and Rope
89. Perfume Manufacturing
90. PVC Welded Articles
91. Pickles and Chutneys
92. Pappad
93. Pop Corn/Avalakki/Churmurry
94. RCC Jelly Manufacturing
95. Rope Manufacturing
96. Rubber Stamp Manufacturing
97. Radio Assembly
98. Running Light Display
99. Repacked Chemicals
100. Ready Mixed Mortar
101. Roofing Tiles
102. Silk Weaving Unit
103. Steel Furniture (Simple)
104. Steel Trunks
105. Scented Erasers
106. Soap-nut Powder
107. Stickers
108. Sanitary Napkins
109. Synthetic Detergent
110. Starch Adhesive
111. Shoe Polish
112. Synthetic Gums
113. Slate Pencils
114. Soapstone Vessels
115. Shuttle Cocks
116. Sports Equipments
117. School Bags
118. Scented Supari
119. Small Light ignition Manufacturing
120. Soda factory
121. Small Scale Industry
122. Tin Manufacturing
123. Turned Household Wooden articles
124. T.V. Antena
125. Umbrella Assembly
126. Transister Radio Covers
127. Voltage Stabilizer Assembly
128. Vests/Briefs
129. Vermicelli
130. Wood Industry
131. Wooden Toys/Electrical Accessories/
Packing Case crafts
132. Brush (Coir and Wire)

SERVICES

1. Auto Garage
2. Automobile servicing
3. Ayurvedic Pharmacy
4. Autorickshaw
5. Basket Weaving
6. Battery Charging/Repairs/Reconditioning
7. Beauty Parlour
8. Batik Printing
9. Bee Keeping
10. Book Binding
11. Black smithy
12. Carpentry Work
13. Chemical Analytical Laboratory
14. Chappal Repairing
15. Coffee Roasting and Grinding
16. Commerce Institute
17. Cycle Rickshaw
18. Cycle Shop
19. Cloth Dyeing
20. Commercial Artists
21. Cassette recording
22. Creches/Baby Sitting
23. Dry Cleaning
24. Defibring of Coir
25. Doctors/Dentist Clinic
26. Domestic Utensils Repairing
27. Embroidary Work
28. Electroplating
29. Engineering Workshop
30. Floor Mill
31. Gas Welding
32. Goldsmithy
33. Hand and Bullock Cart hiring service
34. Iron and Metal Works
35. Law Practitioner
36. Library
37. Laundry
38. Leather Work
39. Lorry Body Building
40. Machine for Polishing rice
41. Musical Instruments Repair
42. Photoframing
43. Paper Cutting Machine
44. Photo Studio
45. Printing Press
46. Pumpset Repairing
47. Polishing Watch Cases
48. Plastic Name Plates
49. Plastic Buckets Repair
50. Posters making
51. Pathological Laboratory
52. Radio Repairing
53. Repair of Domestic Electrical Appliances
54. Ruling and Book Binding
55. Radiator Repair
56. Saloon
57. Stove Repairing
58. Silk Reeling
59. Screen Printing
60. Sound System
61. Stone Cutting Work
62. Spraying White and Distemper wash.
63. Tailoring
64. Tanga
65. Tobacco work
66. Watch Repair
67. Wet Grinding Machine
68. Welding Machine
69. Xerox Machine

BUSINESS

1. Arecanut Selling
2. Auto Tempo
3. Bakery
4. Bamboo Business
5. Book Selling
6. Bettlenut Business
7. Brass and Alluminium selling
8. Wine Shop
9. Collection of non-edible seeds
10. Cashewnut selling
11. Cloth business
12. Commission Agency
13. Cool Drinks
14. Cutlery Merchants
15. Carpet selling
16. Contract Work
17. Coconut selling
18. Coffee Powder selling
19. Dairy
20. Dry Fish business
21. Egg Business
22. Electrical Equipment Shop
23. Fair Price Depot
24. Fancy Store
25. Fishing Boat
26. Fishing Net
27. Flower selling
28. Foot Wear
29. Fruit and Vegetable vending
30. Fuel Depot
31. Furniture selling
32. Gunny Bag selling
33. Grocery shop
34. Hardware shop
35. Hiring of sound system and marriage items
36. Hawker and pedler
37. Handicraft
38. Hotel and tea stall
39. Iron and Steel Scrap collection
40. Kerosine Hawker
41. Job Typing & duplicating
42. Lime stone business
43. Lock repairing
44. Laison work
45. Motor Spare parts
46. Mutton Stall
47. Medical shop
48. Mobile Ironing service
49. News Paper Agency
50. Oil Store
51. Old Scrap business
52. Optical shop
53. Panipuri Shop
54. Pan and Beeda Shop
55. Petty shop
56. Plastic goods selling
57. Portrait Colouring
58. Provision stores
59. Stone cutting machine
60. Shilpakala
61. Silk weaving
62. Spice and nut selling
63. Stainless steel selling
64. Sugarcane crushing
65. Ready-made garment
66. Retail/Kirana and general Stores
67. Ragi business
68. Raw Material Depot
69. Sweet Stall
70. Silk business
71. Stationery shop
72. Saree business
73. Silver ornaments business
74. Tools and Machinery

ANIMAL HUSBANDRY

1. Buffaloes Rearing
2. Cattle Rearing (Sheep & goat)
3. Cross Breed Cows
4. Piggery
5. Poultry

AGRICULTURE

1. Agriculture equipment
2. Fertilizer and Seed
3. Lift Irrigation
4. Mulberry Cultivation
5. Pumpsets
6. Sericulture

OTHER SCHEMES

1. Typewriting Schools/Institute
2. Travel Agency
3. Handiman's Equipment/portable Welding Equipment
4. Sound System/Public Address System
5. Decorative Lighting/Lamps with Music Bands for hire.
6. Food/Tea/Coffee vending Kiosks.
7. Any other Scheme suitable for the religious minorities, within the financial limits to be fixed from time to time.

(b) Any other economic enterprise peculiar to a particular place or person but which has ready market with assured turnover having economic feasibility shall be considered for sanction of loan under this scheme.

5. AMOUNT OF MARGIN MONEY LOAN & SUBSIDY ASSISTANCE:

(a) The Corporation may release Margin Money & Subsidy to the applicants whose cost of project/ scheme is within Rs. 1,00,000/- (Rs. one lakh only) or the financial limit to be fixed by the Government from time to time. The extent of Margin Money and Subsidy is as under:

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Sl.No.	Unit Cost	MM Loan portion from corpn.	Subsidy from Corpn.	Beneficiary's Contribution	Bank/KSFC, Co-operative Bank/ societies loan portion
1.	Up to Rs. 25,000/-	Nil	50% Max Rs. 5,000/-	Nil	50% Maximum Rs. 20,000/-
2.	Rs. 25,001 upto Rs. 50,000/-	20% Maximum Rs. 10,000/-	Maximum Rs. 5,000/-	5% Minimum Max. Rs. 2,500/-	Balance amount Max. Rs. 32,500/-
3.	Rs. 50,001 upto Rs. 1,00,000/-	20% Rs. 10,000/- upto Rs. 20,000/-	Maximum Rs. 5,000/-	5% Minimum Rs. 2,500/- upto Rs. 5,000/-	Balance amount Rs. 32,500 upto Rs. 70,000/-

(b) In case of Co-operative Society the Project/Scheme is within Rs. 75,000/- (Rs. Seventy Five Thousand only) and the Margin Money Loan being restricted to Rs. 15,000/- (Rupees Fifteen Thousand only)

6. COMPETENT AUTHORITY TO SANCTION LOANS:

(1) The District Committee/ Managing Director of the Corporation may sanction scheme/projects on the basis of feasibility certificate of the concerned Bank Manager issued after scrutiny.

(2) The District Committee will function as the Units of the Corporation and will formulate technically feasible, economically viable and bankable schemes keeping in view the local conditions and the felt needs of the eligible Minorities. They will also ensure that the largest number in the District receive the benefits from the schemes/projects within the outlay of Rs. 1,00,000/- (margin money being restricted to Rs. 20,000/-) in individual cases, and Rs. 75,000/- in case of Co-operative society (The Margin Money loan being restricted to Rs. 15,000/-) It is essential to secure Bank/s participation in these schemes. The schemes formulated with a list of beneficiaries, location of the schemes and arrangements made for mobilising institutional finance shall be furnished to the Corporation invariably and for approval, wherever required.

(3) The Corporation and its District Units shall identify the eligible persons belonging to religious minorities and give priority to persons who are released bonded labourers and physically handicapped who possess capacity for self employment.

7. RATE OF INTEREST:

(1) The interest is 7% for the loan sanctioned by the Corporation. Regarding loans sanctioned by the Banks, it shall bear interest at the Banks prevailing lending rates.

(2) Interest on Margin Money advanced by the Corporation may be altered by the Corporation from time to time subject to the approval of Government.

8. PROCEDURE FOR APPLYING FOR LOANS

(1) Applications shall be called for by the District Committees and if received in complete form, (as prescribed by the Corporation) from time to time they shall be processed and sent to the Banks concerned for verification of viability of the scheme and for sanction of the Bank's portion of loan. After the receipt of sanction from the Bank the District Officers, Backward Classes & Minorities Department, will put up the proposal before the District Committee of which the Chief Executive Officer of Zilla Panchayat shall be the Chairman, for selection of beneficiaries. The sanctioned statements shall be sent to the Corporation for scrutiny and release of margin money & subsidy directly to the Bank. The Corporation may also call for applications directly, and the Managing Director may sanction and release the M.M. and subsidy to the Bank/applicant beneficiary.

(2) The application for loan shall be accompanied by a Caste/Income Certificate issued by the Competent Authority in the Form prescribed under Govt. Letter No. SWL 127 BCA 86 dated 6.4.87. (Annexure-I)

(3) The loan application in the prescribed form shall be accompanied by a copy of the Scheme/ Project for which a loan is applied for.

(4) Preference shall always be given to the skilled tradesmen of the Minorities and loans sanctioned only to the feasible viable projects on felt needs basis. The level of assistance shall be adequate to ensure success of each product and to that effect encourage trades above Rs. 5,000/- and disassociate with projects whose viability is doubtful. Women entrepreneurs with viable projects to be given priority.

9. PROCEDURE FOR THE SANCTION OF LOANS

(1) The applications obtained by the District Committee shall be scrutinised in the office of the District Officer for Backward Classes & Minorities within a week of receipt of the application. After identification and verification of contents, the applications shall be forwarded to the Bank nominated by the applicant, for

scrutiny regarding the feasibility and viability of the project. In case of need this work be taken up by the bank authorities and the representative of the Corporation and a joint report regarding the viability, the economical feasibility and bankability of the beneficiary be obtained. The recommendations of the bank will generally be accepted by the District Committees. The banks will retain the loan applications with them and sent a formal sanction order within a reasonable time to the District Committee which sanctions the loan and recommends to the Corporation to release the margin money portion of loan to the concerned Bank.

(2) The concerned Bank may arrange for documentation and release of margin money in favour of the suppliers wherever purchases have to be made to make available the benefit in kind. The Bank may also arrange to pay the applicant any reasonable working capital needed for the scheme/project to ensure its success.

(3) The Bank authorities will arrange for obtaining the documentation papers from the borrowers. The document for margin money loan and subsidy may be forwarded to the District Committee for record. The applications and bonds will be obtained in the Forms prescribed by the Banks hypothecating the assets created for the loan amounts together with the personal or group guarantee furnished. The documents for the Margin Money and Subsidy Sanctioned by the Corporation is to be in the format devised by the Corporation and sent to the Banks along with the DD/Cheque for the margin money subsidy amount for the loan sanctioned by the Banks, the documents will be in the formate prescribed by the Concerned Bank.

10. OPERATION OF SCHEME

(1) The borrower has to open a Savings Bank Account which can be operated by Cheques. Both Bank loan and the margin money loan and subsidy are to be credited to the S.B. Account and later when funds are to be disbursed for the intended purpose, the amount is to be debited and funds released.

(2) Before releasing funds to the borrowers, security documents stipulated have to be got executed from the borrowers for margin money loan. The copy of the documents so executed have to be sent to District Officer for Backward Classes and Minorities, vice, Chief Executive Officer of the Zilla Panchayat, immediately after release of loan & subsidy.

(3) The Corporation or the District Committee may take up any scheme to assist minorities traders/artisans for whose product there is a ready local market or their marketing can be ensured through some

recognised agency. Petty business shall be encourage and also vegetable and fruits vending if it gives high returns. Powered cycle-rickshaw may also be encourage in the rural and the semi urban areas. Sewing machines/ embroidery machines may be given to poor women/widows who can earn their livelihood while working at home.

(4) The District Committees will assist the Banks to recover loans from the beneficiaries wherever necessary.

(5) The Banks sanctioning the loans shall fix reasonable instalments to recover the loans including the margin money. On each recovery of instalment, action shall be taken for crediting the proportionate amount to the account of the Corporation. The Bank which sanctions the loans and claims margin money shall be responsible for recoveries as they do in respect of sanction of loans suo-moto. Non feasible and doubtful project appraisal shall not be entertained for sanction of loan under this scheme.

11. SECURITY FROM THE BORROWERS :

The loan granted by the Corporation under this scheme shall be subjected to

i) Personal Security from the loanees.

ii) Hypothecation of the assets created out of the loan amount (sanctioned by the Corporation and Bank), in favour of the Bank / Corporation.

iii) Surety bond, where ever it can be insisted upon, as per the Reserve Bank of India direction prevailing at the time of sanction of loan.

iv) Mortgage of immovable property owned by the loanee, where-ever it can be insisted upon, as per the Reserve Bank of India directions prevailing at the time of sanction of loan.

v) The loans sanctioned shall conform to the National Credit Policy Scheme as applicable to the Nationalised Bank's.

12. RECOVERY OF LOANS

(1) Repayment of loan shall commence according to the terms and conditions of the Bank Rules depending upon the type of loan.

(2) The loan shall be repaid in equal instalments fixed by Banks together with the interest

(3) The Margin Money loan is to be repaid as many instalments as the Bank has stipulated to be repaid. The Bank, is responsible to collect the repayments from the borrower. As and when the borrower repays any amount towards principal as well as interest and same will be appropriated towards Banks and Corporation loans in the ratio of 80. 20/70: 30/50 : 50 as the case may be depending upon the percentage of margin money released by the Corporation. The interest should be shown separately for accounting purposes.

(4) The share of the amount to be remitted to Corporation out of repayment proceeds has to be sent directly by way of demand draft or Banker's cheque to Managing Director, Karnataka Minorities Development Corporation Limited showing the name and address of the borrower to whose instalment it relates to until alternate receipt arrangements to Bank account is made.

13. NON PAYMENT OF LOAN INSTALMENT ON DUE DATE:-

(1) In case of default in the repayment of loans, the Corporation shall have right to foreclose the loan and recover the entire amount with interest accrued there on.

(2) In case of wilful defaulter the Bank will take legal action for the recovery of loans as per Bank Rules including the margin money loan of this Corporation. The Corporation may issue if necessary, irrevocable power of Attorney in favour of the Bank Managers.

14. NON UTILISATION OF LOANS

(1) If it is proved to the satisfaction of the Corporation or its nominee or its agency that the loan sanctioned has not been fully utilised for the purpose for which it is sanctioned, the loan or such portion of it as the Corporation determines the interest and other cost, if any, shall be recovered from the loanees.

(2) The Bank Manager shall disburse the margin money loan & Subsidy to the beneficiaries within 2 months. If the Bank authorities fail to disburse the margin money loan & subsidy amount to the concerned beneficiary/beneficiaries within a stipulated period of 2 months, the Bank should return the unavailed loan to the Corporation with reasons thereof.

15. INSPECTION

The representative of the Corporation shall have access for the verification of the assets created and to the records maintained by the beneficiaries.

16. INSURANCE

The Machinery and other assets created by the loan shall be properly insured against fire, damage and other risks.

17. PROGRESS REPORTS:

- (1) A loan ledger shall be maintained by the District Officer for Backward Classes and Minorities Department to watch timely recoveries and the same shall continue upto date data.
- (2) The monthly progress reports on utilisation of funds for which they are sanctioned and recoveries of the amounts shall be sent to the Corporation by the District Committees on or before the 5th of every month.
- (3) The monthly D.C.B. Statement should be reviewed by the District Committees and prompt and suitable action taken for recoveries.

18. MISCELLANEOUS:

- (1) The Corporation and the District Committee may organise services to the consumers through established and recognised organisations wherever they exist or organise such agencies where they are non-existent.
- (2) In order to ensure that the Corporation, Banks and other promotive financing institutions participate and discharge their role in the integrated rural development programme for which both the State and the Central Government are making substantial funds available, it is essential that 60% of the funds shall be earmarked for the rural areas i.e., Village Panchayats, 20% for Town Panchayats i.e., Semi-Urban areas and remaining 20% for Cities and Metropolitan areas. The proportion of the beneficiaries, shall be 6:2:2, Muslims, Christians and other Minorities. The District-wise allocations shall be made on the basis of religious minorities subject to availability of funds.

19. POWERS TO AMEND RULES:

The Board shall have powers to make such additions, deletions, alterations, modifications and such amendments as are necessary to these Rules as deemed fit from time to time.

20.

SCHEDULE

The District Committee shall consist of the following Members:

- | | |
|---|----------|
| 1. The Chief Executive Officer of the concerned Zilla Panchayat | CHAIRMAN |
| 2. Lead Bank Officer, Lead Bank of the concerned District (by rotation) | MEMBER |
| 3. The General Manager, District Industries Centre/Deputy Director of Ind. & Com. | MEMBER |
| 4. The Principal Agricultural Officer | MEMBER |
| 5. The Deputy Registrar of Co-operative Societies | MEMBER |
| 6. The Executive Engineer (PWD) Irrigation. | MEMBER |
| 7. The Deputy Director or Assistant Director of Animal Husbandry and Veterinary Services. | MEMBER |
| 8. The Deputy Director of Horticulture of District Horticultural Officer. | MEMBER |

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| 9. Representative of K.V.I.B/District Officer. | MEMBER |
| 10. Representative of the Land Development Bank. | MEMBER |
| 11. Social worker to be nominated by Chief Executive Officer of Zilla Panchayat | MEMBER |
| 12. Four Minorities representative one each from Muslim, Christian, Jain, and anglo Indian in Kolar, Dharwar, Bangalore and Mysore to be nominated by the Board of Directors. Whose term will be co-terminus with the Chairman | MEMBER |
| 13. The District Officer for Backward Classes and Minorities. | MEMBER SECRETARY |

Sd/-
DEPUTY SECRETARY TO GOVT.
Social Welfare & Labour
Department.