



Government of Karnataka

Subject: The extension of Collateral Security from the state government to the Scheduled Caste entrepreneurs for the loans from the nationalized banks/RRBs upto Rs.2.00 crores on the same lines of KSFC- Issue of G.O regarding.

Reference: Government order No: SWD 210 SLP 2017, dated: 12-12-2017.

Considering the difficulties faced by the Scheduled Caste entrepreneurs in furnishing collateral security to KSFC for availing the term loans, the Government issued the order at reference (1) extending the Collateral Security. In the same way, in the year 2023-24 the budget announcement is made to extend Collateral Security to Nationalised Banks also.(Para 144)

The Government also extended the 4% Interest Subsidy Scheme to the term loans upto /Rs.10.00 Crores including the working capital of Rs.50.00 Lakhs for SC/ST entrepreneurs from Nationalised Banks/ Apex/DCC Banks vide Government Order NO: SWD 158 SLP 2016, DATED: 12.07.2016. Similarly, another Government order issued for loans for commercial activities under 4% Interest upto Rs.1.00 Crore from Scheduled Commercial Banks vide Government Order No: SWD 157 SLP 2021, DATED: 25-08-2021.

Regarding implementation of the **Budget para 144 i.e., "A Government Guarantee is provided to Scheduled Caste and Scheduled Tribes entrepreneurs for availing a loan upto Rs.2.00 crores from KSFC. This Scheme will now be extended for loans availed from Nationalized Banks as well"**. A meeting was held with the SLBC and other Major Nationalised Banks like SBI, Canara Bank, Bank of Baroda, Union Bank of India, Punjab National Bank, Karnataka Grameena Bank etc., on two occasions.

The Following points are emerged during the discussion.

1. The Banks have expressed that, there is a scheme called Credit Guarantee Fund Scheme for micro and small enterprises for the purpose of providing Guarantees in respect of credit facilities extended by the lending institutions to the borrowers of the micro and small enterprises including SC/STs.
2. The Nationalized Banks are also the lending institutions under the above said scheme.

3. The Credit Guarantee Fund Trust shall cover credit facilities extended by member lending institutions to a single eligible borrower in the Micro and Small Enterprise sector for credit facility, for not exceeding Rs.500.00 Lakhs (By way of Term Loan/ Working Capital) irrespective of the Caste.

Thus, particularly the Nationalized Banks expressed that there is no need for another Collateral Security for the loans for Micro and Small Enterprises from the State Government, as the loans extended by the Nationalized Banks to SC/STs are also covered under the Credit Guarantee Trust Scheme for Micro and Small Enterprises (CGTMSE).

Further, in case any specific loan transaction is not covered under CGTMSE Scheme, the banks have to refer to the Social Welfare Department for extending Collateral Security case by case.

4. During the meeting, the representatives of Regional Rural Banks expressed that though they are eligible to the members of CGFT, they are not the members at present due to certain criteria to be met. They require Collateral Security from the State Government for the loans given to the SC/ST Entrepreneurs. There are two RRBs (1. Karnataka Grameen Bank & 2. Karnataka Vikas Grameen Bank) and these two banks also come under the Central Government. Therefore, the Collateral Security from the State Government may be extended to these two Regional Rural Banks also.

Considering the proposal as explained in the above said Paras the Government issue the following order.

Government order No:SWD 142 PKV 2023, BANGALORE,
DATED:18.11.2023

As explained in the preamble it is hereby, ordered that as announced in the Budget at para 144, the issue of collateral security is as under,

1. The collateral security to the extent of Rs.2.00 crores will be given by the State Government to Scheduled Caste entrepreneurs for enabling them to raise the loans from Nationalised Banks, in case of any credit facility is not covered under the Central Government scheme of 'Credit Guarantee Fund Scheme'
2. The collateral security to the extent of Rs.2.00 crores will be issued by the State Government to Scheduled Caste entrepreneurs for enabling them to raise the loans from the two Regional Rural Banks that is Karnataka Grameen Bank & Karnataka Vikas Grameen Bank.