



Smt. SWAPNA RAY  
JOINT SECRETARY (M&BC)

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S.No. 4(1)

भारत सरकार  
सामाजिक न्याय और  
शक्तिशाली मंत्रालय

सी.जी.ओ.डी. भवन, जे.एन. प्रकाश बिल्डिंग,  
कास्तूरबा गांधी मार्ग, नई दिल्ली-110001  
GOVERNMENT OF INDIA  
MINISTRY OF SOCIAL JUSTICE  
AND EMPOWERMENT  
9<sup>TH</sup> FLOOR, JEEVAN PRAKASH BUILDING,  
KASTURBA GANDHI MARG, NEW DELHI-110001

Date: 17.08.2004

Dear Dr. Chellappa,

The National Backward Classes Finance and Development Corporation (NBCFDC) had been set up by Government of India with an objective of providing concessional finance to the members of backward classes with annual income less than double the poverty line by extending them loans for income generating schemes. The loans are extended to the eligible persons belonging to OBCs through State Channelising Agencies (SCAs).

2. The SCAs set up by the respective State Governments/UTs are charging 3% as service charges out of the total rate of interest of 6% on loan sanctioned to OBC beneficiaries for setting up self-employment ventures. This is because the SCAs do not get any administrative subsidy from State Governments for meeting their expenditure for promoting and implementing the schemes at the village, district and State level.

3. This policy of charging service charges by way of high rate of interest from poor people has not been viewed sympathetically by the Parliamentary Committee reviewing the grants of this Ministry and it has been recommended by them that the State Governments/UT Admins be asked to reimburse some of the expenditure incurred by the SCAs as they also have an equal obligation/commitment towards welfare of OBCs.

4. I shall be grateful if you could share some burden of the SCAs by negating the service charges charged by the SCAs so that the poor people belonging to OBCs are not put in any hardship.

With regards,

Issued by  
26/8/04

Yours sincerely,

(Swapna Ray)