

# **Interest Subsidy Scheme for Scheduled Caste/Scheduled Tribe Entrepreneurs**

## **Details (Interest Subsidy Scheme for Scheduled Caste/Scheduled Tribe Entrepreneurs)**

The Government of Karnataka has introduced the interest subsidy scheme on loans sanctioned to Scheduled Caste (SC)/Scheduled Tribe (ST) entrepreneurs by Karnataka State Financial Corporation (KSFC). The scheme aims to encourage SC/ST entrepreneurs to establish micro/small scale/services enterprises to expand/diversify/modernization of their existing units.

## **Objectives (Interest Subsidy Scheme for Scheduled Caste/Scheduled Tribe Entrepreneurs)**

- The scheme aims to encourage SC/ST entrepreneurs to establish micro/small scale/services enterprises to expand/diversify/modernization of their existing units.

## **Important Features (Interest Subsidy Scheme for Scheduled Caste/Scheduled Tribe Entrepreneurs)**

- The Government of Karnataka has introduced the interest subsidy scheme on loans sanctioned to Scheduled Caste (SC)/Scheduled Tribe (ST) entrepreneurs by Karnataka State Financial Corporation (KSFC).
- The scheme aims to encourage SC/ST entrepreneurs to establish micro/small scale/services enterprises to expand/diversify/modernization of their existing units.

## **Benefits (Interest Subsidy Scheme for Scheduled Caste/Scheduled Tribe Entrepreneurs)**

- Loan Amount: Minimum loan amount under the scheme is ■20.00 lakhs.
- Maximum loan amount under the scheme is ■1,000.00 lakhs which includes term loan and one time working capital term loan based on the project proposal but working capital term loan is restricted to maximum of ■50.00 lakhs.
- However, repetition of working capital term loan sanction is not allowed.
- The loan can be availed for establishing new units or expanding / diversifying / modernizing their existing units for more than one occasion, but the aggregate loan extended shall not be more than maximum limit under the scheme.
- Rate of Interest: The effective rate of interest is 4% only.
- Repayment Period: The repayment period is 8 years including moratorium period in case of loan upto ■500.00 lakhs and upto 10 years in case of loan above ■500.00 lakhs but below ■1,000.00 lakhs.

## **Eligibility (Interest Subsidy Scheme for Scheduled Caste/Scheduled Tribe Entrepreneurs)**

- The unit shall be fully owned by SC / ST entrepreneurs i.e., all promoters in proprietary / partnership / company shall belong to SC/ST community only.
- The ownership / share holdings of units even in part by other than SC/STs are not eligible for interest subsidy.
- Entrepreneurs either can be SCs / STs or both.
- Others terms & conditions: The units which have availed the interest subsidy under any other scheme of Government of Karnataka/Government of India are not eligible for interest subsidy under this scheme.
- To be eligible for interest concession under the scheme, the units should not be in default in repayment to KSFC.
- KSFC is at liberty to consider any amount of project cost.

- However, the interest subsidy is restricted to ₹1,000.00 lakhs of the loan.
- Interest amount on the balance loan amount beyond ₹1,000.00 lakhs is required to be borne by the entrepreneurs.
- KSFC may sanction loans with normal applicable rate of interest, the effective interest rate to be paid by the beneficiary / borrower will be 4%.
- The difference between the normal lending rate of KSFC and effective interest rate of 4% will be reimbursed by Government of Karnataka.

## **Application Process (Interest Subsidy Scheme for Scheduled Caste/Scheduled Tribe Entrepreneurs)**

- Step 1: The interested applicant should visit (during office hours) the Branch Office ( SC-ST-E.pdf ) and request a hard copy of the prescribed format of the application form from the staff exclusively entrusted to issue and collect filled-in applications.
- Step 2: In the application form, fill in all the mandatory fields, and attach copies of all the mandatory documents (self-attest, if required).
- Step 3: Submit the duly filled and signed application form along with the documents to the Branch Office.
- Step 4: Request a receipt or acknowledgment from the concerned authority to whom the application has been submitted.
- Ensure that the receipt contains essential details such as the date and time of submission, and a unique identification number (if applicable).

## **Documents Required (Interest Subsidy Scheme for Scheduled Caste/Scheduled Tribe Entrepreneurs)**

- Passport-size Photograph Proof of SC/ST status of the entrepreneurs Bio-Data Net Worth Statement Affidavit ( Affidavit-SC-ST.pdf ) Audited financial statements (if expanding an existing unit) Bank account details for loan disbursement Any other documents as specified by KSFC during the loan process

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