

**Support for marginalized individuals for livelihoods and enterprise  
(SMILE)**

**CREDIT LINKED CAPITAL SUBSIDY AS SUPPORT FOR LIVELIHOOD  
ACTIVITIES for poor SC/OBC households in unorganized sector who lost their  
prime breadwinners due to COVID**

**(Outline of the scheme)**

**1. BACKGROUND:**

India has been afflicted with the Covid19 Pandemic since March 2020. Recently, a second wave of the Pandemic has occurred. The Pandemic has brought out untold misery and sufferings for the affected families both in urban and rural areas. The livelihoods of the people have been affected badly. The Covid19 Pandemic has also led to death of over 3 lakh persons Pan India as per official figures. Especially, where the persons who were primary bread earners for the family died due to Covid19, the affected Households have fallen into debt. In order to enable such Households to stand up on their feet, it is proposed to identify and finance livelihood projects consisting of capital subsidy and soft loans bearing concessional interest rates to help them to undertake need based self-employment activities.

**2. TERM LOAN**

The Scheme is to be implemented by State Channelizing Agencies/Channelizing Agencies of NSFDC and NBCFDC. (hereinafter referred as Channel partners).

**3. OBJECTIVES**

The objective of the scheme is to identify a livelihood project which produces sustainable income so that the household ravaged by COVID will be able to secure decent income. Under this, it is proposed to extend financial support in the form of credit linked capital subsidy scheme for income generating activities. The benefit will be available to such families whose bread earners lost their lives due to COVID-19. Under this Scheme, Credit Linked Capital Subsidy up to 20% of the project cost subject to maximum of Rs.1,00,000/- per beneficiary shall be given to the eligible immediate relative of the deceased to support his/her family *for any need based self-employment ventures with a project cost of up to Rs.5 lakh per unit.*

**4. ELIGIBILITY**

- a) Members of Scheduled Castes/Backward Class community.
- b) Applicant's annual family income should be up to Rs.3.00 Lakh.

- c) Immediate relative of the person who died due to COVID-19 and was the bread earner of the family.
- d) Age of the deceased should be between 18 to 60 years, i.e. death of the bread earner has occurred while he/she was in the age group 18-60 years. "Bread earner" is defined as the member of the household whose earnings contributed the largest proportion to the total household income.
- e) Documents admissible as proof of death of the bread earner by COVID-19: Death certificate issued by the Registrar Births & Deaths or local municipal body or Receipt issued by local Authority at cremation ground/ graveyard. In case the death has occurred in a village, the letter of the Block Development Officer (BDO) of the village can also be accepted.

## 5. **CAPACITY BUILDING**

Since the Scheme is being introduced as a Covid19 Rehabilitation initiative, it is proposed to have the following Capacity Building provisions to create credit absorption capabilities among the prospective loanees of the identified SC/BC Households at their locations:

- (a) Skill/Entrepreneurial Capability Building: The identified loanees will be given required skill/entrepreneurial inputs through institutions such as NIESBUD to counsel them for their economic activities.
- (b) Escort Services: Wherever required, the assistance of NIESBUD/ State Industrial Consultancy / Entrepreneurship Promotion Bodies/Organizations will be requisitioned for the loanees to periodically guide them to make a success of their Business Ventures.

## 6. **Project Cost & Pattern of Funding:**

Project/Unit Cost	Up to Rs.5.00 lakh per unit
Loan Amount per unit	80% of project cost subject to maximum of up to Rs.4.00 lakh per unit
Capital Credit Linked Subsidy	20% of project cost or up to Rs.1.00 lakh per unit, whichever is less

## **PATTERN OF FINANCE**

- Capital subsidy - 20%
- NSFDC/NBCFDC Share - 80%

No Beneficiary contribution is required. However, if the beneficiaries so desire, they may contribute up to 1-2% of the total project cost to show their stake in the business and to reduce the loan amount.

## **RATE OF INTEREST**

- From Beneficiaries - 6% p.a.
- From Channel partners - 3% p.a.

### **7. Proposed Incentives to Successful Beneficiaries:**

In order to incentivize the successful beneficiaries who have created assets and used the credit and capital subsidy for the intended purpose, it is proposed that such cases may be given additional interest rebate @ up to 0.50% by NSFDC/NBCFDC. Further, such beneficiaries can be offered second time loan of a higher quantum to upscale their business in the same line or diversified field.

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