

NHFDC

Guidelines for Funding Projects:

The 'National Handicapped Finance and Development Corporation' has been incorporated by Ministry of Social Justice and Empowerment, Government of India on 24th January, 1997 under section 25 of the companies Act., 1956 as a company not for profit. It is wholly owned by Government of India and has an authorised share capital of Rs.400 crores (Rupees Four Hundred crores only).

Objectives:

- a. Promote economic development activities for the benefit of the persons with disabilities.
- b. Promote self-employment and other ventures for the benefit/economic rehabilitation of the persons with disabilities.
- c. Assist individuals with disabilities or group of individuals with disabilities by way of loans and advances for economically and financially viable schemes and projects.
- d. Grant concessional finance in selected cases for the persons with disability in the country in collaboration with Government Ministries/Departments at State level to the extent of the budgetary assistance granted by the Government of India to the company.
- e. Extend loans to the persons with disability for pursuing general/professional/technical education for training at graduate and higher levels.
- f. Assist in the upgradation of technical and entrepreneurial skills of persons with disability for proper and efficient management of production units.
- g. Set up training, quality control, process development, technology, common facility centers and other infrastructural activities for the proper rehabilitation/upliftment of the handicapped persons in support of their economic pursuits.
- h. Assist the State level organisations to deal with the development of the persons with disability by way of providing financial assistance and in obtaining commercial funding or by way or refinancing.
- i. Work as an apex institution for channelising the funds through State Finance Corporation for the Handicapped or through corresponding Corporations authorised by State Govts./Boards set up by Union Government/State Government/Union Territory Administrations and Voluntary Organisations. The NHFDC will receive proposals for financial assistance through above mentioned organizations and sanction loans and margin money to the beneficiaries for disbursement through these organizations.
- j. Assist self-employed individuals/group of individuals or registered factories/companies/cooperatives of disabled persons in marketing their finished goods and assist in procurement of raw materials.
- k. To develop, operate and implement specific pilot programmes, projects and schemes in India in support of promotion of the self employment, economic activities of the handicapped persons with a view of introducing innovations, technological up-gradation and bridging the critical gaps of infrastructure, input supply, output processing and marketing.
- l. To undertake and/or support technically, managerially or financially research and evaluation studies, techno-economic and related surveys, preparation and appraisal of project reports and documents, feasibility and other studies for developing viable programmes, projects, schemes for the benefit of handicapped.
- m. To establish, maintain, subscribe or to subsidise or become member of training institutions, research laboratories research institutions and experimental experiments.

Scheme for Financing Projects:

The corporation can assist a wide range of income regenerating activities. Infrastructure development schemes alone will not qualify for financing unless it leads directly to income generation.

For a disabled person living below the income/economic criteria, the proposals should be such which generate adequate income to the disabled person to rise above the economic criteria limit.

1. Self employment in Small Business e.g. Service/Trading sector:

Loan will be provided for self employment of disabled persons in service sector or for trading activity. The Small Business, project or activity for which financial assistance has been sought, will have to be operated by the disabled person himself and employing at least 15 % disabled persons in his venture. Maximum loan available under this scheme is Rs.2.50 lakh.

Indicative areas of financing are:

- a. Shops or Stores of any type
- b. Workshops or repair shops or service centres
- c. Health centre/Beauty parlour
- d. Computer centre (training & job work)
- e. Studio/Photography
- f. Printing press
- g. Telephone/Fax/Email booth
- h. Tailoring
- i. Travel agency
- j. Xerox centre
- k. Transport service
- l. Poultry farming
- m. Handicraft
- n. Brassware
- o. Dealership
- p. Franchise
- q. School for disabled
- r. Weaving
- s. Book Binding
- t. Leather work
- u. Physiotherapy
- v. Music schools
- w. Computer hardware Dealership
- x. Dealership of petroleum products
- y. Candle and chalk making

2, Assistance to Disabled Entrepreneurs:

Loan may be provided for manufacturing, fabrication and production activity. The disabled person will be the owner/chief executive of the company and employing at least 15% disabled persons.

Maximum amount of loan provided under the scheme is Rs.20.00 lakh.

Illustrative list is given below:

- a. Ancillary products manufacturing
- b. Software development and marketing
- c. Fisheries
- d. Dairy farming

- e. Diamond cutting and polishing
- f. Food processing
- g. Garments Manufacturing
- h. Potteries
- i. Furniture manufacturing including moulded furniture
- j. Plastic moulding
- k. Agro based industry
- l. Herbal products
- m. Packaging

Any other suitable manufacturing/processing activity besides above:

3. **Assistance to Disabled for Higher Studies or Professional Training:**

Towards the fulfillment of the overall objectives of empowerment and development of disabled persons in the country, the Corporation provides financial assistance to eligible beneficiaries in two components viz., educational /training grants and loans (In pursuance of objective (5) & (6) of MOA). Financial assistance from the corporation would flow towards training and Education requirements of the disabled groups under both formal and non-formal education/training, which would impart useful knowledge and skill. Formal training would equip the beneficiary to improve his/her chances of employment and self-employment through completing appropriate vocational/academic courses leading to the certificate /diploma or other qualification. While higher education (under graduate, post-graduate and doctoral studies) applications would be considered for loan whereas applications for technical education/ training leading to diplomas and certificates will be considered as grants, which would meet the beneficiary's expenses towards both tuition fees and hostel facilities provided no other financial assistance or concession(s) is available from any other source for this purpose. Channelising Agencies are required to furnish lists of recognised institutions identified for imparting training in these areas, which will be approved by the Corporation. Additionally, technical training including non-formal training wherever required will not form part of the project and the expenditure incurred therein will not form part of a loan.

4. **Assistance for Agricultural Activities:**

Loan assistance is provided to disabled persons for:

- a. Agriculture production and related field such as irrigation, purchase of agriculture machinery, horticulture, sericulture etc.
- b. Purchase of equipment for agriculture services such as custom service (pesticide, spray, harvesting etc.) custom hiring of agriculture machinery.
- c. Agriculture marketing (through co-operative societies/Association of disabled farmers), Setting up grading and packing houses, purchase of transport vehicles for marketing of agriculture produce etc.
- d. Purchase of land for agriculture purpose by individual disabled person or by co-operative societies of disabled persons.
- e. Commission agents at Mandi Samities.
- f. Small business such as retail outlets for marketing Organic fertilizers, Pesticides/insecticides. Improved variety of seeds, farm machinery etc. Maximum loan available under this scheme is Rs.5.00 lakh.

5. **Scheme to Promote Manufacturing/Production of Assistive Devices for Disabled persons:**

Loan Assistance is provided for setting up small scale industry for manufacturing aids and appliances developed under R & D programmes of Government/academic institutions of repute for disabled within the country. The company should employ disabled persons. Maximum loan available under this scheme is Rs.25.00 lakh.

6. **Assistance for Skills & Entrepreneurial Development Programmes:**

- a. Financial assistance in the form of loan is provided to the channelising agencies, reputed NGO's, RRTC's and recognised technical institutions for imparting skills and entrepreneurial development training to disabled persons.
Financial assistance is also provided for setting up vocational training centres including computer training centre, exclusively for imparting skills and entrepreneurial development training to disabled persons.
- b. The proposals for loan should necessarily indicate placement/self employment opportunities to the disabled after training.
- c. Financial assistance in the form of loan will also be available for upgradation of skills of disabled workers and entrepreneurs who have set up units with the financial assistance from NHFDC.

7. Scheme to Promote Self Employment amongst Persons with Mental Retardation, Cerebral Palsy and Autism:

Persons with mental retardation, cerebral palsy or autism may not be eligible to seek loan and enter into a legal contract. In such cases following categories of persons are eligible for financial assistance from NHFDC.

- a. Parents of dependant mentally retarded persons.
- b. Spouse of dependant mentally retarded persons.

Persons seeking loan from NHFDC under this category should encourage self employment of the mentally retarded persons. Projects should be identified in such a way that there is direct involvement and participation of the beneficiary in the project.

Indicative areas for financing are:

- iii. Shop or store
- iv. Assembling unit
- v. Workshop or repair shop
- vi. Envelop making unit
- vii. Pickle, papad, wadi making unit
- viii. Home unit for making squash, jam etc.
- ix. Bakery
- x. Xerox Centre
- xi. Tailoring unit
- xii. DTP Centre
- xiii. Screen Printing
- xiv. Poultry
- xv. Dairy Farming
- xvi. Horticulture
- xvii. Handloom Unit
- xviii. Block, textile printing

Maximum loan available under this scheme is Rs.2.50 lakhs

Eligibility Criteria

Criteria of Disability

The beneficiary should be a disabled person or a cooperative society of disabled persons or a legally constituted association of disabled persons or a firm promoted by disabled persons unless otherwise mentioned in the scheme for financing.

In order to be eligible for loans on concessional interest rates from the Corporation, minimum degree of disability shall not be less than 40 percent.

A person with disability means a person:

- i. Who is blind or
- ii. Who is a person with low vision, or
- iii. Who is speech and hearing handicapped, or
- iv. Who has a locomotor disability on account of orthopedic or neurological impairment (including cerebral palsy) or
- v. Who is mentally retarded, or
- vi. Who is multiple handicapped, and includes any persons who is unable to ensure by himself/herself, wholly or partly, the necessities of a normal individual or social life including work as a result of deficiency, whether congenital or not, in his/her physical or mental capabilities.

Explanation for the purpose of the disabilities mentioned above:

- i. a person shall be deemed to be blind if he suffers from either of the following conditions, namely:
 - a. total absence of sight, or
 - b. visual acuity not exceeding 6/60 or 20/200 (snellen in the better eye with correcting lenses) or
 - c. limitation of field of vision subtending an angle of 20 degree or worse.
- ii. a person with low vision is one who has impairment of visual functioning even after treatment and/ or standard refractive correction, but who uses, or is potentially able to use vision for the planning or execution of a task with appropriate assistive device.
- iii. a person shall be deemed to be deaf if he/she has lost sixty decibels or more in the better ear in the conversational range or frequencies.
- iv. a person shall be deemed to have locomotor disability if he is having disability of the bones, joints or muscles leading to substantial restriction of the movement of the limbs or if has any form of cerebral palsy.
- v. mental retardation refers to sub-average general intellectual functioning, which originates during the development period and is associated with impairment in a adaptive behaviour.
- vi. mentally ill person shall have the same meaning as assigned to the word in para (i), Section 2, Chapter I of Mental Health Act. 1987.
- vii. Leprosy-cured persons mean and included leprosy cured persons –
 - a. with loss of sensation in hands or feet as well as of sensation and paresis in the eye and eye lid but with no manifest deformity;
 - b. with manifest deformity and paresis but having sufficient mobility in their hands and feet to enable them to engage in normal economic activity;
 - c. suffering from extreme physical deformity as well as advanced age which prevents them from re-entering into any economic activity;
- viii. multiple handicapped means and includes a person with more than one disability.

Economic/Income Criteria

Unemployed disabled persons whose family income is below Rs.22,000/- p.a. for rural areas and Rs.24,000/- p.a for urban areas (two times of poverty line) are eligible for availing loan facility. (Family means parents or spouse of dependent disabled)

In case of self dependent disabled, the income of the individual will only be taken into account.

The economic criteria will also be applicable to each member of a cooperative society of disabled persons, association of disabled persons and firm promoted by disabled persons seeking financial assistance from NHFDC.

Minimum age limit for availing loan is 18 years and maximum age is 55 years. However, the maximum age could be relaxed in the case of professionally, qualified entrepreneurs.
The sanctioned loan amount and repayment period will depend on the age of applicant.

Other Requirements

The applicant:

1. should be an Indian citizen;
2. should be domicile of the state where the project is proposed to be put up;
3. should have relevant educational/technical/vocational qualification/experience/background;
4. should not have any large outstanding debt from other organisation and should not be financial defaulter;
5. should be from agriculture background and project location should be in agriculture area if seeking loan under the scheme ' Assistance for Agricultural Activities'.

Types of Funding:

NHFDC can consider following types-of loans;

1. Term Loan

The Corporation can consider grant of Term Loan to a disabled entrepreneur or group of disabled entrepreneurs through the channelising agency.

Under Term Loan Scheme, loans are given upto 100% of project cost as follows:

For the project with high working capital component, quantum of loan will depend upon the total cost of the project as follow:

- i. Where the total cost of the scheme does not exceed Rs.50,000 the scheme will be treated as a composite loan and no distinction will be made between fixed asset and working capital. In such cases loans can be granted upto 100% of the total cost.
- ii. Where the unit cost of the project is more than Rs.50,000 but does not exceed Rs.1,00,000 the ratio of fixed assets to working capital will not exceed 1:3.
- iii. Where the unit cost of the scheme exceed Rs.1.00 lakh, only 50% of the working capital requirement will be added in the project cost as working capital margin to arrive at the unit cost of the project, remaining amount of the working capital will have to be financed by the banks as cash credit limit.

In order to cover maximum number of beneficiaries, 75% of the amount of term loans sanctioned in any financial year to a Channelising Agency shall be for those projects where NHFDC loan component is below Rs.1,00,000 per unit.

Project Cost	NHFDC Share	Channelising Agency share	Promotor's share
Below Rs.50,000	100%	Nil	Nil
Above Rs.50,000 and upto 1.00 lakh	95%	5%	Nil
Above Rs.1.00 lakh and upto Rs.5.00 lakhs	90%	5%	5%
Above 5.00 lakhs	85%	5%	10%

Details of the Projects

2. Margin Money Loan (Seed Capital)

- a. Seed Capital assistance is provided to entrepreneurs availing term loan from State Financial Corporation (SFCs) / other financial institution but not able to bring in their share of equity stipulated by the term lending institutions.
- b. Seed Capital assistance is to meet the gap in the equity stipulated by the term lending institutions as per their norm of debit equity ratio.

- c. The entrepreneur is to bring in a minimum of 20% of the equity.
- d. NHFDC may provide Seed Capital assistance upto 80% equity required to be funded by the beneficiary for the total project cost upto Rs.50 lakhs.
- e. Seed Capital assistance is free of interest but the channelising agencies will levy a service charge of 1% p.a from the beneficiaries and pay 0.5% p.a to NHFDC.
- f. Seed Capital is to be repaid within a maximum period of 7 years from the date of first disbursement, inclusive of suitable moratorium. In cases where seed Capital assistance remains unpaid beyond 7 years, the same shall be converted in to term loan at the expiry of 7th year at an interest applicable to NHFDC term loan and shall be paid within 3 years in quarterly instalments from the date of conversion into term loan.
The Margin Money Loan may be recovered from the beneficiary alongwith bank loan in the same proportion, which the Margin Money bears to the bank loan. Based on such recoveries the Channelising Agency or other agency will make the repayment schedule of margin money.
- g. Projects considered for Seed Capital assistance shall not be eligible for any other financial assistance from NHFDC

Loan Amount	Interest by NHFDC	Interest (Channelising Agency)	Total
Loan amount less than Rs.50,000	3%	2%	5%
Loan amount above Rs.50,000 and upto Rs.1,00,000	4%	2%	6%
Loan amount above Rs.1,00,000 and upto 5,00,000	7%	2%	9%
Loan amount above Rs.5,00,000	8%	2%	10%
Rate of Interest			

- For women with disability, a rebate of 2% on interest is provided.
- A rebate of 0.5% on interest is provided for timely repayment of loan.

Allocation of Available Fund for Disbursement

- a. In order to cover maximum number of beneficiaries, 75% of available fund is earmarked for those projects where NHFDC loan is below 1.0 lakh.
- b. In order to ensure economic empowerment of disabled women and to ensure general balance, channelising agencies are to be given due weightage to women applicants and special efforts should be made to attract projects form women.

Sanction of Loan

1. Loan will be sanctioned by channelising agency for final disbursement to beneficiary with prior approval of NHFDC. The channelising agency will send all applications for loan duly recommended for approval of NHFDC.
2. For loan under scheme(5) production of assistive devices and scheme (6) assistance for skill & entrepreneurial development, application will be received and appraised by NHFDC directly. The loan will be sanctioned and disbursed by NHFDC.
3. Board of Directors of NHFDC will sanction all projects with loan component exceeding Rs.10 lakhs.

Recovery of Loan

- a. The entire loan shall be repaid within a reasonable period but not exceeding 7 years including the moratorium period. The repayment shall be on half yearly/ quarterly/monthly basis. For agriculture and horticulture projects repayment shall be on yearly basis. The repayment period will be worked out during appraisal and sanction of scheme on the basis of income potential of the proposed project.

- b. A suitable moratorium period depending on the merit and requirement of the project will be allowed.
- c. A rebate of 0.5% on interest is provided for timely payment of all instalment.
- d. A penal interest of 3% will be charged from channelising agency for default in timely repayment. The channelising agency will also charge panel interest of 3% from the beneficiary for default in repayment.

Security

1. Block Government guarantee is required from concerned State Government for the sanction and disbursement of loan by NHFDC to State Channelising Agencies. In case of persistent default, the NHFDC will be at liberty to invoke the guarantees or deduct its instalments from the future projects of the concerned agency to be financed.
2. NHFDC may also accept Bank Guarantee or any other form of security acceptable to it for grant of loans.

For Application Form for Financial Assistance and Further Details Please Contact:

National Handicapped Finance and Development Corporation
(Ministry of Social Justice and Empowerment, Government of India)
Red Cross Bhavan, (opp. Mini Secretariat)
Sector – 12, Faridabad – 121 007 (Haryana)