

# **Promoting SC/ST Entrepreneurs**

#### What is the issue?

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Addressing the limitations in government measures to promote SC/ST entrepreneurs is essential to meet the intended objectives.

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### Capital can break caste system

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#### What is the recent measure?

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- The government recently tried to ensure a market for MSMEs by reserving a fifth of all purchases of PSUs and ministries for them.
- While doing so, it reserved a certain portion for Scheduled Castes and Scheduled Tribes (SC/ST) entrepreneurs.
- At 4% of the total spending of around Rs 6 lakh crore, this means government departments and PSUs have to buy Rs 24,000 crore of goods and services from SC/ST enterprises every year.
- There is no price preference; the enterprises have to agree to match the lowest bidder.

 $\bullet$  If their quality is up to the mark, they will get the order, subject to the 4% cap.

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#### What are the limitations?

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- **Capital** Getting SC/ST enterprises to an adequate level of quality can often mean completely reorienting their business practices.
- This, in turn, would mean entailing large investments which, often, they cannot make.

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• There is also a concern that the lack of capital is a consequence of casteist bank managers.

• **Banking** - Besides the above, most banking is collateral-based.

- But millions of poor youth, with no family history of business or sufficient collateral, find it difficult to raise bank loans.
- So scaling up businesses is not easy irrespective of caste background.
- **Others** The above is compounded by red tapism in most firms, high costs of land, high electricity tariffs, impossible labour laws, etc.
- $\bullet$  Naturally, the burden is higher for smaller firms as unlike large ones, there are no agents to handle these issues. \n

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## **Source: Financial Express**

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