



सत्यमेव जयते

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महानिदेशक, क
रा.ग्रा.वि.प.स. राजकोट

30 MAR 2017

Director General
NIRD&PR, Rajkot

ग्रामीण विकास मंत्रालय
ग्रामीण विकास विभाग
भारत सरकार
थापर हाउस, तीसरा तल, ईस्टर्न विंग
124, जनपथ, कनॉट प्लेस, नई दिल्ली
नई दिल्ली-110001

Ministry of Rural Development
Deptt. of Rural Development
Government of India
Thapar House, 3rd Floor, Eastern Wing,
124, Janpath, Connaught Place,
New Delhi-110001

D.O.No. -18046/05/2017RSETI

Dated:29.03.2017

Respected Sir,

As you may be aware that the Government with the aim of mitigating the unemployment problem among the youth, a new initiative was tried jointly by Sri Dharmasthala Manjunatheshwara Educational Trust, Syndicate Bank and Canara Bank in 1982 for setting up of the "RURAL DEVELOPMENT AND SELF EMPLOYMENT TRAINING INSTITUTE" with its acronym RUDSETI near Dharmasthala in Karnataka. There was a felt need to dedicated structures for skill up gradation of rural poor youth, as a result Ministry of Rural Development (MoRD) has adopted the same model in all districts of the country.

Since the RUDSETI has today become a replicable model, this Ministry has proposed to support establishment of one RUDSETI type of Institution in each district of the country to tap the rural BPL youth from the rural hinterland. These will be bank led institutions i.e. will be managed and run by the Public Sector/Private Sector Banks with active co-operation from the State Governments. RUDSETI's core offering includes its free of cost skilling program for the rural youth, through unique and intensive short-term residential self-employment training programs, with food and accommodation. Rural Self Employment Training has covered the entire length and breadth of the Country and at present, 585 RUDSETIs/ RSETIs are covering 552 Districts in the Country.

2. For establishing an RSETI, a feasibility study is conducted by the Sponsor Bank and the same has to be placed before SLBC for approval. Once SLBC approves the proposal, the same has to be referred to MoRD for getting administrative sanction. It is also pertinent to mention the land for setting such centers is provided by the State Governments or Banks own land pool. These RSETIs established with the approval of MoRD, get **one time grant assistance, up to a maximum of Rs. 1.00 crore for meeting the expenditure of building (minimum covered area should be 8000 sq feet) and furniture for the same.** One time funding support, up to a maximum of Rs. 1 crore can also be provided to existing RUDSETI type institutions for upgrading present infrastructure up to the minimum standards prescribed in guidelines.

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3. NIRD&PR vide their letter dated 20.02.2017 (copy enclosed) has stated that Income tax department is treating the 'infrastructure grant given by MoRD' for RSETI building construction as "Income" and have issued the demand notices to deposit the tax. Tax liability of Rs. 33.58 lakhs is imposed under penalty proceedings under Section 271 (1) (c) of I.T Act on the infrastructure grant of Rs. 1.00 crore provided. SBI, Local Head Office Guwahati vide its letter dated 7.3.2017 has also represented to this Ministry in this regard. Ministry of Rural Development is giving Rs. 1.00 crore as capital funds to meet part cost of RSETI infrastructure / building for social cause and hence may not be treated as "income". This will prove a major setback for functioning of RSETI institutions.

4. I would request you to look into the matter personally and arrange to take stringent steps to sort out the problem and issue suitable instructions to the Income Tax Department not to treat the infrastructure grant of Rs. one crore for construction of RSETI Building as income.

With regards.

Yours Sincerely,

Alka
(Alka Upadhyaya)

Encl: As above

To,

Shri Sushil Chandra
Chairman, CBDT
CBDT, North Block, New Delhi

Copy to:

Dr W.R. Reddy, IAS
Director General
NIRD&PR, MoRD