

## Guidelines of New Entrepreneur-Cum-Enterprise Development Scheme (NEEDS)

### 1. Objectives

(i) Educated youth will be given entrepreneurship training to groom them as first generation entrepreneurs on the essentials of conceiving, planning, initiating and launching a manufacturing or service enterprise successfully.

(ii) On completion of the training program they would be assisted to prepare their business plans and helped to tie up with financial institutions to get term loan, to set up manufacturing or service enterprises with a project cost not exceeding Rs.1.00 crore and capital subsidy of 25% of project cost not exceeding Rs.25.00 lakhs with 3% interest subvention to be provided by the State Government. (iii) Subject to availability, they would also be provided with reservation upto 25% for allotment of Plots / Sheds in SIDCO Industrial Estates in the State.

### 2. Target group

Educated youth with any Degree, Diploma, ITI / Vocational Training from recognized Institutions, aspiring to become entrepreneurs would be eligible for assistance under the scheme.

### 3. State Level Nodal / Implementing Agencies:

The Organisations listed below will act as the Nodal / Implementing Agencies for the successful implementation of the various components of the Scheme. The Industries Commissioner and Director of Industries and Commerce would be overall in-charge of implementation of the scheme under the supervision of the Principal Secretary, Micro.-Small and Medium Enterprises Department:

Component of the Scheme	State Level Nodal Agency	State Level	District Level
1. Selection of beneficiaries	Commissionerate of Industries and Commerce, Chennai	Commissionerate of Industries and Commerce, Chennai	General Managers of District Industries Centres/Regional Joint Director of Industries and Commerce, Chennai
2. Entrepreneurship Development Programme Training	Entrepreneurship Development Institute (EDI), Chennai.	Entrepreneurship Development Institute (EDI), Chennai.	Entrepreneurship Development Institute (EDI), Chennai.
3. Arranging for Term Loan from Banks /Tamil Nadu Industrial	Commissionerate of Industries and Commerce, Chennai.	Commissionerate of Industries and Commerce, Chennai / Tamil	General Managers of District Industries

Investment Corporation Limited (TIIC)		Nadu Industrial Investment Corporation Limited (TIIC)	Centres/Regional Joint Director of Industries and Commerce, Chennai/ Branch Manager, TamilNadu Industrial Investment Corporation Limited (TIIC)
4.Allotment of Plots/Sheds in SIDCO Industrial Estates	Tamil Nadu Small Industries Development Corporation Limited, Chennai	Tamil Nadu Small Industries Development Corporation Limited, Chennai	Branch Managers of TamilNadu Small Industries Development Corporation Limited in the Districts

#### **4.Training Institute**

The Entrepreneurship Development Programme (EDP) Training will be imparted through Entrepreneurship Development Institute, Guindy, Chennai.

#### **5. Methodology of the Training**

The trainees will be exposed to Behavioural Components, Business Opportunity Guidance and Preparing bankable Business Plan, Information on Entrepreneurship support Institutions, Business Laws and Regulations related to Micro and Small Enterprises, Management issues and Technical Training in the specific technology sector. An innovative methodology by combining Behavioural & Management Games, Lecture cum discussion supported by audio-visuals, Interaction with successful entrepreneurs, Intensive Technical Training and Exposure visits will be adopted.

#### **6. Duration of the Training programme and Batch Size**

Duration of the EDP Training programme will be for one month which includes 2 weeks theoretical training, 1 week for market survey and 1 week for preparation of Project Report. The Training will be more interactive in nature and therefore, the batch size will be confined to 25. A total of 1,000 entrepreneurs are proposed to be trained per year during the next 5 years from the year 2012-13 onwards, at an average of 40 Batches comprising of 25 trainees.

#### **7. Course content**

The Entrepreneurship Development Programme has the following six components:

- Behavioural Components
- Business Opportunity Guidance
- Business Plan Preparation

- Management Issues
- Laws regulating the Small Business
- Environment Scanning - An overview of the Entrepreneurship support institutions.

#### **8. Activities covered**

All economically viable manufacturing and service activities are eligible under this scheme subject to appraisal for its viability as per the guidelines of Tamil Nadu Industrial Investment Corporation Limited (TIIC) / Bank. Priority will be given to projects which are eco-friendly, accord importance to energy conservation and are export oriented.

#### **9. Selection of the beneficiaries**

Selection of beneficiaries for training will be done at the District level by a Task Force consisting of the District Collector as its Chairman, General Managers, District Industries Centres / Regional Joint Director of Industries and Commerce, Chennai as Member - Convenor, Lead Bank Manager, Branch Manager of Banks / Tamil Nadu Industrial Investment Corporation Limited (TIIC), Branch Manager, Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO), District Manager, Tamil Nadu Adi Dravidar Housing and Development Corporation Limited (TAHDCO), District Employment Officer, Representatives of Entrepreneurship Development Institute (EDI), Micro, Small and Medium Enterprises - Development Institute (MSME-DI) and local Micro, Small and Medium Enterprises (MSME) Association as its members. Applicants would be screened by the District Level Task Force Committee.

**First Generation Entrepreneur with the following criterions are eligible to avail assistance under the scheme**

<b>Age</b>	Minimum : 21 years
	Maximum : 35 years for General category
	:45 years for Special category(SC/ST/BC/MBC/Ex-servicemen/ Minorities/Transgenders/Differently abled persons)
<b>Educational Qualification</b>	Degree/ Diploma/ ITI / Vocational training from Recognised institutions
<b>Place of residence</b>	The applicant should be a resident of Tamil Nadu for not less than 3 years
<b>Promoters Contribution</b>	General Category : 10% of the project cost
	Special category : 5% of the project cost
<b>Reservation</b>	SC : 18%
	ST : 1%
	Differently abled : 3%
	50% of the beneficiaries will be women with priority accorded to destitute women.
<b>Income ceiling</b>	No income ceiling is prescribed for assistance under this scheme.
<b>Partnership</b>	One or more persons can jointly establish Partnership enterprises provided all the partners should satisfy the eligibility criteria. However, EDP training will be provided to only one of the partners authorized by other partners in such cases.
<b>Eligible Activities</b>	All economically viable manufacturing and service activities (except those activities mentioned in negative list)
<b>Ineligible Applicants</b>	Assistance under the Scheme is available only for NEW Projects. Entrepreneurs who have already availed subsidy linked loans under other State Government / Government of India schemes such as Prime Minister Rojgar Yojana (PMRY), Rural Employment Generation Programme (REGP),Prime Minister's Employment Generation rogramme(PMEGP), Unemployed Youth Employment Generation Programme(UYEGP) ,TamilNadu Adi Dravidar Housing and Development Corporation Limited (TAHDCO) and Self help group will not be eligible for assistance under NEEDS. The applicant should not be a defaulter to any Commercial Bank/ Tamil Nadu Industrial Investment Corporation Limited (TIIC).

## **NORMS OF ASSISTANCE**

### **Project Cost**

- i) The minimum Project Cost will be above Rs.5.00 Lakhs and the maximum Project Cost will be Rs.1.00 Crore. For projects costing more than Rs.1.00 crore, subsidy component will be restricted to Rs.25 lakhs.
- ii) Cost of the land may be included in the Project cost at guideline value or market value, prevailing as on the date of filing of loan application, whichever is lower.
- iii) Cost of construction of buildings such as Office, Work-shed/Workshop, Laboratory etc., can be included in the project cost subject to the condition that the cost of building shall not exceed 25% of the total project cost. The valuation of the building eligible for subsidy will be assessed by General Managers, District Industries Centres / Regional Joint Director of Industries and Commerce, Chennai in respect of bank financed units and Branch Manager of TIIC in respect of TIIC financed units as per the prevailing PWD Schedule of rates as on date of commencement of construction of the building or the cost of the building actually constructed as certified by the Chartered Engineer, whichever is lower. In respect of service enterprises, investment in capital expenditure should not be less than 25% of the total project cost.
- iv) The cost of leased/ rental building shall not be included in the Project cost.
- v) In respect of plant and machinery, only new machinery will be considered eligible and indigenous / imported second-hand machinery will not be considered for assistance. However, second-hand machinery, directly imported by the entrepreneur would be considered eligible for assistance.
- vi) Project cost will include capital expenditure and margin money for working capital.
- vii) Capital Expenditure will generally include investment on Land, Building and Plant & Machinery only. Hence projects without capital expenditure are not eligible for financing under the Scheme.
- viii) Self financed projects will not be eligible under this scheme.
- ix) Tamil Nadu Industrial Investment Corporation Limited (TIIC) / Banks are permitted to arrive at the components of project cost based on their appraisal guidelines.

### **Promoter's Contribution**

- a. 10% of the Project Cost for general category entrepreneurs.
- b. 5% of the Project Cost in case of special category entrepreneurs (BC / MBC / DNC / SC / ST / Women / Minorities / Ex-Servicemen / Transgenders / Differently abled Entrepreneurs)
- c. Value of the land may be considered as promoter's contribution, either in part or in full, as per guideline value or market value, prevailing as on the date of filing of loan application, whichever is lower, subject to the condition that the title of the land is in the name of the entrepreneur/enterprise proposed to be established.

### **Subsidy**

25% of the Project Cost subject to a ceiling of Rs.25.00 lakhs as subsidy from Government. However, the following expenses will not be considered for calculation of subsidy under this scheme:

- i. Cost of rented/leased building
- ii. Technical know-how
- iii. preliminary/ pre-operative expenses
- iv. working capital margin

### **Financial Institutions**

- i. Tamil Nadu Industrial Investment Corporation Limited (TIIC Ltd.)
- ii. All Commercial Banks including Regional Rural Banks (RRB), Small Industries Development Bank of India (SIDBI).

### **Term Loan**

- i) TIIC/Banks will finance Capital Expenditure in the form of Term Loan and Working Capital in the form of cash credit. Projects can also be financed by TIIC/ Banks in the form of Composite Loan consisting of Capital Expenditure and Working Capital.
- ii) The amount of TIIC/Bank Credit will range between 65-70% of the total project cost after deducting 25% of subsidy and owner's contribution of 10% from beneficiaries belonging to general category and 5% from beneficiaries belonging to special categories.

### **Rate of interest**

Enterprises financed by TIIC/Banks will be charged at the rate of interest applicable to micro & small enterprises as per banking norms.

### **INTEREST SUBVENTION**

A back-ended interest subsidy at the rate of 3% will be provided to enterprises financed by Banks/TIIC on a quarterly basis during the entire repayment period. The applicant should submit their subsidy claims application in the Banks / TIIC. The Banks / TIIC should send their claim to the concerned General Managers, District Industries Centres / Regional Joint Director of Industries and Commerce, Chennai on completion of every quarter.

### **Eligibility for availing interest subvention**

- a) The entrepreneur should be prompt in repayment of loan and interest.
- b) If there is any default in repayment of loan and interest as per schedule of repayment fixed by Bank, interest subvention will not be paid during the period of default. However, if the entrepreneur subsequently pays the instalment, interest subvention alone shall be paid. Penal interest or charges for belated payment, if any, shall not be paid by the Government.
- c) The Enterprise should be in operation during the period for which interest subvention is claimed.
- d) If the loan account is classified as Non Performing Assets (NPA), interest subsidy will be withdrawn.

### **Collateral Security:**

Collateral security will be decided as per Bank / Tamil Nadu Industrial Investment Corporation Limited (TIIC) guidelines. Subject to applicability, loans may also be covered under Credit Guarantee Fund Trust Scheme for Micro and Small Enterprises (CGT-MSE) of Government of India.