

INSTITUTIONAL FINANCE TO ENTREPRENEURS

Dr. C. Subathra



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EDITOR

Dr. C. SUBATHRA

M.Com., M.Phil., PGDHRM, M.A (Soc.), M.Sc (Psy.), UGC-NET, Ph.D.,
Assistant Professor of Commerce,
Pioneer Kumaraswamy College, Nagercoil-3.
Affiliated to Manonmaniam Sundaranar University,
Tirunelveli, Tamilnadu, India.
Email: drcsubathra@gmail.com, Contact: 95852 12775



**Published by
Mayas Publication®**

#45/5, Unathur&Post.Attur Tk.,Salem Dt.,
Tamil Nadu, India-636112.

maya1984kannan@gmail.com/editoreijfmr@gmail.com
mayaspublication@gmail.com/www.mayaspublication.com
www.eijfmr.com
+919655933100

Book Name : Institutional Finance To Entrepreneurs

Editors : Dr. C. SUBATHRA,

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First Edition: September-2018

Pages : 1-109

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ISBN: 978-93-87756-36-6



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QUESTION PAPER PATTERN

1	x	10	=	10 Marks (Objective Type Questions)
5	x	6	=	30 Marks (Descriptive Type with Internal options)
5	x	12	=	60 Marks (Descriptive Type with Internal options)

Total	=	100 Marks
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UNIT 1

INSTITUTION & SCHEMES OF GOVT. OF INDIA – NABARD – IDBI – IFCI – ICICI - EXIM BANK – ECGC

Institutions of Govt. of India

A number of support institutions set up by central and state governments help the entrepreneurial activities in various ways. The activities cover a wide range of services like financing, technical guidance, equipment support, training, marketing and providing subsidy and grants. The following institutions are available for providing the above mentioned benefits.

Financial Institutions

- ✓ Industrial Development Bank of India (IDBI)
- ✓ Industrial Finance Corporation of India (IFCI)
- ✓ Small Industries Development Bank of India (SIDBI)
- ✓ National Small Industries Corporation Ltd (NSIC)
- ✓ State Small Industries Corporation (SSIC)
- ✓ Regional Rural Banks (RRBs)
- ✓ State Financial Corporation's (SFCs)
- ✓ State Industrial Development Corporations (SIDCs)
- ✓ Cooperative Banks and Gramin Banks

Institutions for technical guidance

- ✓ Small Industries Development Organisation (SIDO)
- ✓ District Industries Centres (DICs)
- ✓ Technical Consultancy Organisations (TCOs)
- ✓ Small Industries Service Institutes (SISIs)
- ✓ State Small Industries Development Corporations (SSIDCs)
- ✓ Industrial Development Corporation (IDCo)
- ✓ Agricultural Promotion and Investment Corporation of Orissa Limited (APICOI)

Training Institutions

-) National Institute for Entrepreneurship and Small Business Development (NIESBUD)
-) Entrepreneurship Development Institute of India (EDII)
-) Small Industries Service Institute (SISI)
-) National Bank for Agriculture and Rural Development (NABARD)
-) Council for Advancement of Peoples Action and Rural Technology (CAPART)
-) District Industries Centre (DIC)

Financial Institutions

Industrial Development Bank of India (IDBI)

The IDBI was established on July 1, 1964 by the Government of India under an Act of Parliament as the principal financial institution in the country.

Main Functions of IDBI

-) The IDBI provides assistance to the small scale sector through its scheme of refinance and bills rediscounting scheme.
-) The financial assistance has been indirect in the form of refinancing of loans and the State Financial Corporation's (SFCs).
-) In order to assist the small scale sector, the IDBI has set up Small Industries Development Fund (SIDF) in May 1986. This fund basically aims at providing a focal point to co-ordinate financial and non-financial inputs required for growth of small industries sector.
-) In association with Government of India, IDBI has constituted National Equity Fund (NEF) to prevail equity type of support to tiny and small scale units which are engaged in manufacturing activities. The scheme is administered by IDBI through nationalized banks.

-) The IDBI has also introduced the single window assistance 'scheme for grant of term loans and working capital assistance to tiny, small and medium scale enterprises.
-) The IDBI has also set up a Voluntary Executive Corporation Cell (VECC) to use the services of experts, professionals for counseling small units and for providing consultancy support in specified areas.

Formation of Industrial Development Bank of India (IDBI)

The Industrial Development Bank of India (IDBI) was established in 1964 under an Act of Parliament as a wholly owned subsidiary of the Reserve Bank of India. In 1976, the ownership of IDBI was transferred to the Government of India and it was made the principal financial institution for coordinating the activities of institutions engaged in financing, promoting and developing industry in India. IDBI provided financial assistance, both in rupee and foreign currencies, for green-field projects as also for expansion, modernization and diversification purposes. In the wake of financial sector reforms unveiled by the government since 1992, IDBI also provided indirect financial assistance by way of refinancing of loans extended by State-level financial institutions and banks and by way of rediscounting of bills of exchange arising out of sale of indigenous machinery on deferred payment terms.

After the public issue of IDBI in July 1995, the Government shareholding in the Bank came down from 100% to 75%.

IDBI played a pioneering role, particularly in the pre-reform era (1964–91), in catalyzing broad based industrial development in India in keeping with its Government-ordained 'development banking' charter.

Some of the institutions built with the support of IDBI are the Securities and Exchange Board of India (SEBI), National Stock Exchange of India (NSE), the National Securities Depository Limited (NSDL), the Stock Holding Corporation of India Limited (SHCIL), the Credit Analysis & Research Ltd, the Exim

Bank (India), the Small Industries Development Bank of India (SIDBI) and the Entrepreneurship Development Institute of India.

Conversion of IDBI into a commercial bank

A committee formed by RBI under chairmanship of S.H.Khan recommended the development financial institution (IDBI) to diversify its activity and harmonise the role of development financing and banking activities by getting away from the conventional distinction between commercial banking and developmental banking. To keep up with reforms in financial sector, IDBI reshaped its role from a development finance institution to a commercial institution. With the Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003, IDBI attained the status of a limited company viz., IDBI Ltd.

Subsequently, in September 2004, the Reserve Bank of India incorporated IDBI as a 'scheduled bank' under the *RBI Act*, 1934. Consequently, IDBI, formally entered the portals of banking business as IDBI Ltd. from 1 October 2004. The commercial banking arm, IDBI BANK, was merged into IDBI in 2005.

Acquisition of United Western Bank

In 2006, IDBI Bank acquired United Western Bank Satara in a rescue. By acquiring UWB, IDBI Bank more than doubled the number of its branches from 195 to 425.^{[5][6]}

Listings and shareholding

IDBI Bank's equity shares are listed on Bombay Stock Exchange and the National Stock Exchange of India.

As on 31 March 2014, Government of India held 76.72% shares in IDBI Bank. Over 4 lakh public shareholders owned 8.75% of its shares. Insurance companies held approx. 12.32% of the shares while remaining 7.21% shares were held by others.

Employees

As on 31 March 2013, the bank had 15,465 employees, out of which 197 were employees with disabilities the average age of bank employees on the same date was 33 years. The bank reported

business of INR 25.64 crores per employee and net profit of INR 12.17 lakhs per employee during the FY 2012-13. The Company incurred INR 1,538 crores towards employee benefit expenses during the same financial year.^[1]

Awards and recognitions

-) IDBI Bank was ranked #1197 in the Forbes Global 2000 in May 2013.
-) It received the 'Overall Best Bank' and 'Best Public Sector Bank' awards in the Dun & Bradstreet Banking Awards, 2011.
-) In 2011, it received Banking Technology awards for best use of Business Intelligence and the best Risk Management from Indian Banks Association.

Industrial Finance Corporation of India Ltd (IFCI):

The Industrial Finance Corporation of India was set up by the Government of India under IFCI Act in July 1948. It is an important financial institution which gives financial assistance to the entrepreneurs through rupee and foreign currency loans, underwriting, direct subscriptions to shares, debentures and guarantees. It also extends other financial facilities like equipment procurement, equipment finance, buyer's and supplier's credit, equipment leasing and finance to leasing and hire-purchase companies.

The IFCI has devised new promotional schemes such as

-) Consultancy fees, subsidy schemes for assisting small scale entrepreneurs in marketing sector.
-) Interest subsidy schemes for women entrepreneurs.
-) Pollution control in small and medium scale enterprises.
-) Encouraging the modernization of tiny, small and medium scale industries

Small Industries Development Bank of India (SIDBI):

SIDBI was set up in April 1990 as a wholly owned subsidiary of IDBI (Industrial Development Bank of India) to provide financial assistance to the entrepreneurs under an Act of the

Parliament, namely Small Industries Development Bank of India Act 1989.

The Bank has been delinked from IDBI with effect from March 27, 2002. The Bank caters all SSIs –tiny, village and cottage—through its Head Office at Lucknow.

Channels of SIDBI's Assistance:

Indirect Finance:

By way of refinance and bills discounting through more than 901 primary lending institutions having over 65000 outlets across the country.

Direct Finance:

Direct finance is given through SIDBI's own 38 offices by means of several tailor-made schemes to reach assistance to specific target groups.

Promotional and Development Activities:

Involving accredited Non-Government organizations, voluntary organizations, Scientific and Research Institutions, Technology Institutions, Management Institutions, etc.

Thus SIDBI is the principle financial institution for promotion, financing and development of small scale industries in India. It co-ordinates functions of existing institutions engaged in similar activities.

Accordingly, SIDBI has taken over the responsibility of administering Small industries Development Fund and nation Equity fund which were earlier administered by IDBI

Functions of SIDBI:

The important functions of SIDBI are:

-) To initiate steps for technological up-gradation and modernization of existing units.
-) To expand the channels for marketing the products of SSI sector in domestic and international markets.
-) To promote employment oriented industries especially in semi-urban areas to create employment opportunities and thereby checking migration of people to urban areas.

-) To refinance loans and advances extended by the primary lending institutions to SSI units and also provides resources to them.
-) To discount and rediscount bills arising from sale of machinery to or manufactured by industrial units in the SSI sector.
-) To provide services like leasing, factoring etc. to industrial concerns in the SSI sector.
-) To expand financial support to State Small Industries Development Corporation for providing scarce raw-materials to industrial units in SSI sector.
-) (viii) To grant loan and advances to any person engaged in exporting or executing any turnkey project abroad.
-) To subscribe to or purchasing stocks and shares, bonds and debentures of any state /financial Corporations.

Scope of SIDBI:

The SIDBI covers all industrial undertakings like any concern engaged in business activities and which is regarded as a small scale undertaking under Section 11-B of the Industrial Development and Regulation Act, 1951.

The following business activities undertaken by small scale sector are covered under the scope of SIDBI:

-) The manufacturing preservation or processing of goods;
-) Shipping industry;
-) Mining industry;
-) Hotel industry
-) Transport of passengers or goods by road/water/air;
-) Generation or distribution of electricity or any other form of power;
-) Maintenance, repair, testing or servicing of machinery of any description or vehicle or vessels or motor boats or trailers or tractors;
-) Assembling, repairing or packing any article with the aid of machinery or power;

-) The development of any contiguous area of land as an Industrial Estate;
-) Fishing or providing stores facilities for fishing or maintenance thereof;
-) Providing special or technical knowledge or other services for the promotion of industrial growth; or
-) The research and development of any process or product in relation to any of the matters aforesaid.
-) The financial assistance of SIDBI is channelized through the existing credit delivery system comprising SFC, State Industrial Development Corporation, Commercial Banks and DRRBs.

National Small Industries Corporation Ltd (NSIC)

National Small Industries Corporation Limited (NSIC) is a PSU established by the Government of India in 1955. It falls under Ministry of Micro, Small & Medium Enterprises of India.

It was established in 1955 to promote and develop micro and small scale industries and enterprises in the country. It was originally founded as a Government of India agency later made into a fully owned government corporation. It is an ISO 9001-2008 certified Government of India Enterprise under Ministry of Micro, Small and Medium Enterprises (MSME).

NSIC operates through countrywide network of offices and Technical Centres in the Country. To manage operations in African countries, NSIC operates from its office in Johannesburg, South Africa. In addition, NSIC has set up Training cum Incubation Centre & with a large professional manpower; NSIC provides a package of services as per the needs of MSME sector.

Functions of National Small Industries Corporation Ltd. (NSIC)

The Head office of NSIC is situated at New Delhi with four regional offices at New Delhi, Mumbai, Kolkata and Chennai and eleven branch offices at important cities spread over the entire country.

They provide a wide range of services mostly promotional in character to small scale industries. The important functions NSIC performs are grouped as under:

-) Provides financial assistance by way of hire-purchase scheme for purchase of machinery and equipment, required for the setting up industries.
-) Provides various equipments on lease basis.
-) Assists in marketing of the products of SSIs.
-) Helps in exporting the product of SSIs.
-) Provides training to workers of SSIs in various trades.
-) Helps in the development and up gradation of technology and modernization of the industries.
-) Undertakes construction of industrial estates.
-) Purchases huge quantity of important raw materials and distribute the same to SSIs at reasonable rates.
-) Develops prototype machines and equipments to pass on to SSIs for commercial production.
-) Sets up small scale industries in other developing countries on turn-key basis.

So in the above way NSIC plays a prominent role for the development of entrepreneurship as well as industrialization, in the country.

State Small Industries Corporation (SSIC)

In Tamilnadu the SSIC is TANSIDCO, Tamilnadu Small Industries Development Corporation Limited (TANSIDCO), an undertaking of Government of Tamilnadu, functions with the specific objective of playing catalytic role in the promotion and development of Small Scale Industries and hastening the industrial dispersal throughout Tamilnadu.

The Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO) is a state-agency of the state of Tamil Nadu, India established to promote small-scale industries in the state. It establishes industrial parks throughout the state, providing

the necessary infrastructure for small-scale industries, gives-away government subsidies for the sector, and provides technical assistance for the new industries. Industries refer to the secondary type of occupation. Tamil Nadu is ranked as second largest industrialized next to Maharashtra

The key areas of TANSIDCO's activities are as follows:

-) Development of industrial estates with infrastructure facilities and provision of work sheds & developed plots.
-) Raw Materials Supply Scheme
-) Marketing Assistance Scheme
-) Guidance to Entrepreneurs

Regional Rural Banks (RRBS)

Regional Rural Banks are local level banking organizations operating in different States of India. They have been created with a view to serve primarily the rural areas of India with basic banking and financial services. However, RRB's may have branches set up for urban operations and their area of operation may include urban areas too.

Regional Rural Banks were established under the provisions of an Ordinance passed on 26 September 1975 and the RRB Act. 1976 to provide sufficient banking and credit facility for agriculture and other rural sectors. These were set up on the recommendations of the Narasimham Working Group^[1] during the tenure of Indira Gandhi's government with a view to include rural areas into economic mainstream since that time about 70% of the Indian Population was of Rural Orientation. The development process of RRBs started on 2 October 1975 with the forming of the first RRB, the Prathama Bank. Also on 2 October 1976 five regional rural banks were set up with a total authorised capital of Rs. 100 crore (\$10 Million) which later augmented to 500 crore (\$50 Million).

Structure and Organisation of the RRB:

The authorised capital of an RRB is fixed at Rs. 1 crore and its issued capital at Rs. 2 lakhs. Of the issued capital, 50 per cent is to be subscribed by the Central Government, 15 per cent by the concerned State Government and the rest 35 per cent by the sponsoring bank.

The working and affairs of the RRB are directed and managed by a Board of Directors consists of a Chairman, three directors to be nominated by the Central Government, and not more than two directors to be nominated by the State Government concerned, and not more than 3 directors to be nominated by the sponsoring bank. The chairman is appointed by the Central Government and his term of office does not exceed five years.

Functions of the RRB:

The functions of the RRB are as follows:

-) Granting of loans and advances to small and marginal farmers and agricultural labourers, whether individually or in groups, and to co-operative societies, agricultural processing societies, co-operative farming societies, primarily for agricultural purposes or for agricultural operations and other related purposes;
-) Granting of loans and advances to artisans, small entrepreneurs and persons of small means engaged in trade, commerce and industry or other productive activities within its area of co-operation; and
-) Accepting deposits.

State Financial Corporations (SFCs):

IFCI provides financial assistance only to large sized industrial undertakings. In order to cater to the needs of the small scale units, the Government of India passed the State Financial Corporations Act in 1951 under which the State Financial Corporation's (SFCs) were set up. The first SFC was set up in Punjab in 1953. Today, there are 18 SFCs functioning in the country. State Financial Corporations are managed by a Managing

Director, Board of Directors and the Executive Committee is headed by a chairman.

The functions of SFCs are as follows

-) To advance term loans to small scale and medium scale industrial units.
-) It underwrites the issue of stocks, shares, debentures and bonds of industrial units.
-) It grants loans to the industrial concerns which is repayable within a period not more than 20 years.
-) It subscribes to debentures floated by industrial concerns.
-) It provides financial assistance to small road transport operators, tour operators, hoteliers, hospitals, nursing homes, etc.

State Industrial Development Corporations (SIDCS)

The State Industrial Development Corporations have been set up by the State Governments as companies wholly owned by them. At present, 22 such SIDCs are functioning in India. SIDCs are not merely financing agencies, but are intended to act as instruments for accelerating the pace of industrialization in the respective States.

Besides providing financial assistance to industrial concerns by way of loans, guarantees and underwriting of or direct subscriptions to shares and debentures, the SIDCs undertake various promotional activities such as conducting techno-economic surveys, project identification, preparation of feasibility studies, selection and training of entrepreneurs. They also promote joint sector projects in association with private promoters. In such projects SIDCs take 26% private co-promoter takes 25% of the equity and the rest are offered to the investing public.

SIDCs also undertake the development of industrial areas, construction of sheds and provision of infrastructural facilities .and also the development of new growth centers. They also administer various State Government incentive schemes.

The IDBI grants refinance to SIDCs also against the term loans provided by them. SIDCs also borrow by way of bonds and from the Government and accept deposits to augment their resources.

Cooperative Banks

The co-operative banks are small-sized units which operate both in urban and non-urban centers. They finance small borrowers in industrial and trade sectors besides professional and salary classes. Regulated by the Reserve Bank of India, they are governed by the Banking Regulations Act 1949 and banking laws (co-operative societies) act, 1965. The co-operative banking structure in India is divided into following 5 categories:

Primary Co-operative Credit Society

The primary co-operative credit society is an association of borrowers and non-borrowers residing in a particular locality. The funds of the society are derived from the share capital and deposits of members and loans from central co-operative banks. The borrowing powers of the members as well as of the society are fixed. The loans are given to members for the purchase of cattle, fodder, fertilizers, pesticides, etc.

Central Co-operative Banks

These are the federations of primary credit societies in a district and are of two types-those having a membership of primary societies only and those having a membership of societies as well as individuals. The funds of the bank consist of share capital, deposits, loans and overdrafts from state co-operative banks and joint stocks. These banks provide finance to member societies within the limits of the borrowing capacity of societies. They also conduct all the business of a joint stock bank.

State Co-operative Banks

The state co-operative bank is a federation of central co-operative bank and acts as a watchdog of the co-operative banking structure in the state. Its funds are obtained from share capital, deposits, loans and overdrafts from the Reserve Bank of India. The

state co-operative banks lend money to central co-operative banks and primary societies and not directly to the farmers.

Land Development Banks

The Land development banks are organized in 3 tiers namely; state, central, and primary level and they meet the long term credit requirements of the farmers for developmental purposes. The state land development banks oversee, the primary land development banks situated in the districts and tehsil areas in the state. They are governed both by the state government and Reserve Bank of India. Recently, the supervision of land development banks has been assumed by National Bank for Agriculture and Rural development (NABARD). The sources of funds for these banks are the debentures subscribed by both central and state government. These banks do not accept deposits from the general public.

Urban Co-operative Banks

The term Urban Co-operative Banks (UCBs), though not formally defined, refers to primary co-operative banks located in urban and semi-urban areas. These banks, till 1996, were allowed to lend money only for non-agricultural purposes. This distinction does not hold today. These banks were traditionally centered on communities, localities, work place groups. They essentially lend to small borrowers and businesses. Today, their scope of operations has widened considerably.

The origins of the urban co-operative banking movement in India can be traced to the close of nineteenth century. Inspired by the success of the experiments related to the co-operative movement in Britain and the co-operative credit movement in Germany, such societies were set up in India. Co-operative societies are based on the principles of cooperation, mutual help, democratic decision making, and open membership. Co-operatives represented a new and alternative approach to organization as against proprietary firms, partnership firms, and joint stock companies which represent the dominant form of commercial organization. They mainly rely upon deposits from members and non-members and in case of need,

they get finance from either the district central co-operative bank to which they are affiliated or from the apex co-operative bank if they work in big cities where the apex bank has its Head Office. They provide credit to small scale industrialists, salaried employees, and other urban and semi-urban residents.

Functions of Co-operative Banks

Co-operative banks also perform the basic banking functions of banking but they differ from commercial banks in the following respects

-) Commercial banks are joint-stock companies under the companies' act of 1956, or public sector bank under a separate act of a parliament whereas co-operative banks were established under the co-operative society's acts of different states.
-) Commercial bank structure is branch banking structure whereas co-operative banks have a three tier setup, with state co-operative bank at apex level, central / district co-operative bank at district level, and primary co-operative societies at rural level.
-) Only some of the sections of banking regulation act of 1949 (fully applicable to commercial banks), are applicable to co-operative banks, resulting only in partial control by RBI of co-operative banks and
-) Co-operative banks function on the principle of cooperation and not entirely on commercial parameters.

Difference between Commercial and Co-operative Banks

-) Commercial banks are joint-stock banks. Co-operatives banks, on the other hand, are co-operative organizations.
-) Commercial banks are governed by the Banking Regulation Act. Co-operative banks are governed by the Co-operative Societies Act of 1904.
-) Commercial banks are subject to the control of the Reserve Bank of India directly.

-) Co-operative banks are subject to the rules laid down by the Registrar of Co-operative Societies.
-) Co-operative banks have lesser scope in offering a variety of banking services than commercial banks.
-) Commercial banks in India are on a larger scale. They have adopted the system of branch banking, so they have countrywide operations.
-) Co-operative banks are relatively on a much smaller scale. Many co-operative banks follow only unit-bank system, though there are cooperative banks with a number of branches but their coverage is not countrywide.
-) Commercial banks in India are of two types: (i) public sector banks and (ii) private sector banks.
-) Co-operative banks are private sector banks.
-) Commercial banks mostly provide short-term finance to industry, trade and commerce, including priority sectors like exports, etc.
-) Co-operative banks usually cater to the credit needs of agriculturists.
-) Co-operative banks offer a slightly higher rate of interest to their depositors than commercial banks.
-) In co-operative banks, borrowers are member shareholders, so they have some influence on the lending policy of the banks, on account of their voting power.
-) Borrowers of commercial banks are only account- holders and have no voting power as such, so they cannot have any influence on the lending policy of these banks.
-) Co-operative banks have not much scope of flexibility on account of the rigidities of the bye-laws of the Co-operative Societies. Commercial banks, on the other hand, are free from such rigidities.

Gramin Bank in India

The Narasimham committee on rural credit recommended the establishment of Regional Rural Banks (RRBs) assuming that they would be much better suited than the commercial banks or co-operative banks in meeting the needs of rural areas. Accepting the recommendations of the Narasimham committee, the Govt. of India passed the Regional Rural Banks Act, 1976. The main objective of RRBs is to provide credit and other facilities particularly to the small and marginal farmers, agricultural laborers, artisans and small entrepreneurs and develop agriculture, trade, commerce, industry and other productive activities bridging the credit gap in rural areas.

The establishment of the Regional Rural Banks (RRBs) was initiated in 1975 under the provisions of the ordinance promulgated on 26.9.1975 and thereafter Section 3(1) of the RRB Act, 1976. The issued capital of RRBs is shared by Central Government, sponsor bank and the State Government in the proportion of 50%, 35% and 15% respectively.

Bihar Gramin Bank, sponsored by UCO Bank, came into existence vide Govt. of India notification dated 15th October, 2012 by amalgamating 2 RRBs namely Bihar Kshetriya Gramin Bank and Samastipur Kshetriya Gramin Bank in exercise of the powers conferred by sub-section (1) of section 23A of the Regional Rural Banks act, 1976 (21 of 1976).

The Bank has penetrated every corner of the 9 districts of Bihar and extended a helping hand in the growth process of the area. The Primary objective of the Bank is to finance farm & non-farm sectors and other employment generation programs, delivering the best possible customer service and also keeping in mind to turn all the branches into profit making business centers.

Training Institutions

National Institute for Entrepreneurship and Small Business Development (NIESBUD)

NIESBUD was established in 1983 by the Ministry of Industry, Government of India. Its main functions and objectives are:

-) To serve as an apex national level resource institute to accelerate the process of entrepreneurship development.
-) To help and facilitate various agencies in carrying out training and other entrepreneurship development activities.
-) To provide vital information support to trainers, promoters and entrepreneurs.
-) To evolve effective training strategies.
-) To identify, train and assist potential entrepreneurs for setting up ventures.

This institute acts as a nodal agency. It organises about 29 national and 6 international training programmes every year.

Entrepreneurship Development Institute of India (EDII)

It was established in 1983 by financial institutions. It conducts research, training and institution-building activities for encouraging the participation of backward regions. The main objectives of EDII are:

-) To increase the supply of trained entrepreneurs through training.
-) To generate opportunities for self-employment.
-) To improve managerial capabilities of small-scale industries.
-) To promote small enterprises at rural level.
-) To contribute to the dispersal of business ownership.

Small Industries Service Institute (SISI)

At the heart of all agencies dealing with development of small industry is small industries development organization, SIDO. It was originally known as central small industries organization (CSIO). Attached to the ministry, SIDO administers small industries service institute (SISI's).

The small industries service institutes (SISI's) are set-up one in each state to provide consultancy and training to small and prospective entrepreneurs. The activities of SISs are co-ordinate by the industrial management training division of the DC, SSI office (New Delhi). In all there are 28 SISI's and 30 Branch SISI's set up in state capitals and other places all over the country. SISI has wide spectrum of technological, management and administrative tasks to perform.

Functions of SISI

-) To assist existing and prospective entrepreneurs through technical and managerial counseling such as help in selecting the appropriate machinery and equipment, adoption of recognized standards of testing, quality performance etc;
-) Conducting EDPs all over the country;
-) To advise the Central and State governments on policy matters relating to small industry development;
-) To assist in testing of raw materials and products of SSIs, their inspection and quality control;
-) To provide market information to the SISI's;
-) To recommend SSI's for financial assistance from financial institutions;
-) To enlist entrepreneurs for participation in Government stores purchase programme;
-) Conduct economic and technical surveys and prepare techno-economic feasible reports for selected areas and industries.
-) Identify the potential for ancillary development through sub-contract exchanges;
-) Organize seminars, Workshops and Industries Clinics for the benefit of entrepreneurs.

The Small Industries Service Institutes have been generally organizing the following types of EDPs on specialized courses for different target groups like energy conservation, pollution control,

Technology up-gradation, Quality improvement, Material handling, Management technique etc. as mentioned earlier.

National Bank for Agriculture and Rural Development (NABARD)

NABARD was established on the recommendations of Shivaraman Committee, (by act 61, 1981 of Parliament) on 12 July 1982 to implement the National Bank for Agriculture and Rural Development Act 1981. It replaced the Agricultural Credit Department (ACD) and Rural Planning and Credit Cell (RPCC) of Reserve Bank of India, and Agricultural Refinance and Development Corporation (ARDC). It is one of the premier agencies to provide credit in rural areas. NABARD is India's specialised bank for Agriculture and Rural Development in India.

The initial capital of NABARD was Rs. 100 crore. Consequent to the revision in the composition of share capital between Government of India and RBI, the paid up capital as on 31 March 2013, stood at 4000 crore with Government of India holding 3,980 crore (99.50%) and Reserve Bank of India 20.00 crore (0.50%). As on 31 March 2014, NABARD paid up capital stood at Rs. 4700 crore (Rs. 4680 Crore of GoI and Rs. 20 Crore of RBI).

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD) is an apex development bank in India for all rural credit having headquarters based in Mumbai (Maharashtra) and other branches are all over the country. The Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD), set up by the Reserve Bank of India (RBI) under the Chairmanship of Shri B. Sivaraman, conceived and recommended the establishment of the National Bank for Agriculture and Rural Development (NABARD). It was established on 12 July 1982 by a special act by the parliament and its main focus was to uplift rural India by increasing the credit flow for elevation of agriculture & rural non farm sector and completed its 25 years on 12 July 2007. It has been accredited with “matters concerning policy, planning and operations in the field of

credit for agriculture and other economic activities in rural areas in India”. RBI sold its stake in NABARD to the Government of India, which now holds 99% stake. It is active in developing financial inclusion policy and is a member of the Alliance for Financial Inclusion.

Objectives of NABARD

NABARD was established in terms of the Preamble to the Act, “for providing credit for the promotion of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting IRDP and securing prosperity of rural areas and for matters connected therewith in incidental thereto”.

The main objectives of the NABARD as stated in the statement of objectives while placing the bill before the Lok Sabha were categorized as under

-) The National Bank will be an apex organization in respect of all matters relating to policy, planning operational aspects in the field of credit for promotion of Agriculture, Small Scale Industries, Cottage and Village Industries, Handicrafts and other rural crafts and other allied economic activities in rural areas.
-) The Bank will serve as a refinancing institution for institutional credit such as long-term, short-term for the promotion of activities in the rural areas.
-) The Bank will also provide direct lending to any institution as may be approved by the Central Government.
-) The Bank will have organic links with the Reserve Bank and maintain a close link with in.

Role and Functions of NABARD

NABARD is the apex institution in the country which looks after the development of the cottage industry, small industry and village industry, and other rural industries. NABARD also reaches out to allied economies and supports and promotes

integrated development. And to help NABARD discharge its duty, it has been given certain roles as follows:

-) Serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in rural areas
-) Takes measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, etc.
-) Co-ordinates the rural financing activities of all institutions engaged in developmental work at the field level and maintains liaison with Government of India, State Governments, Reserve Bank of India (RBI) and other national level institutions concerned with policy formulation
-) Undertakes monitoring and evaluation of projects refinanced by it.
-) NABARD refinances the financial institutions which finances the rural sector.

Council for Advancement of Peoples Action and Rural Technology (CAPART)

Recognizing the need for an organization that would coordinate and catalyse the development work of voluntary agencies in the country, particularly to ensure smooth flow of benefits to the underprivileged and socio-economically weaker sections of society, Government of India, in September, 1986 set up the Council for Advancement of People's Action and Rural Technology (CAPART), a registered society under the aegis of the Department of Rural Development, by merging two autonomous bodies, namely, People's Action for Development of India (PADI) and Council for Advancement of Rural Technology (CAPART).

The main objectives of the CAPART are:-

-) To encourage, promote and assist voluntary action for the implementation of projects intending enhancement of rural prosperity.
-) To Strengthen and promote voluntary efforts in rural development with focus on injecting new technological inputs;
-) To act as a catalyst for the development of technology appropriate for rural areas.
-) To promote, plan, undertake, develop, maintain and support projects/schemes aimed at all-round development, creation of employment opportunities, promotion of self-reliance, generation of awareness, organization and improvement in the quality of life of the people in rural areas through voluntary action.

District Industries Centre (DIC)

The 'District Industries Centre' (DICs) programme was started by the central government in 1978 with the objective of providing a focal point for promoting small, tiny, cottage and village industries in a particular area and to make available to them all necessary services and facilities at one place. The finances for setting up DICs in a state are contributed equally by the particular state government and the central government. To facilitate the process of small enterprise development, DICs have been entrusted with most of the administrative and financial powers. For purpose of allotment of land, work sheds, raw materials etc., DICs functions under the 'Directorate of Industries'. Each DIC is headed by a General Manager who is assisted by four functional managers and three project managers to look after the following activities:

Activities of District Industries Centre (DIC):

-) Economic Investigation
-) Plant and Machinery
-) Research, education and training
-) Raw materials

-) Credit facilities
-) Marketing assistance
-) Cottage industries

Objectives of District Industries Centre (DIC):

The important objectives of DICs are as follow:

-) Accelerate the overall efforts for industrialization of the district.
-) Rural industrialization and development of rural industries and handicrafts.
-) Attainment of economic equality in various regions of the district.
-) Providing the benefit of the government schemes to the new entrepreneurs.
-) Centralization of procedures required to start a new industrial unit and minimization- of the efforts and time required to obtain various permissions, licenses, registrations, subsidies etc.

Industrial Credit and Investment Corporation of India Ltd. (ICICI):

The ICICI was established by the Government of India under the Companies Act 1956, with the objective of providing financial assistance to the small and medium scale sectors. The main functions of ICICI are as follows

-) Financial assistance is extended by way of rupee and foreign currency loans, underwriting and direct subscriptions to shares, debentures and guarantees.
-) Financial facilities such as deferred credit, leasing credit, installment sale, asset credit and venture capital are given by ICICI.
-) It also guarantees loans from other private investment sources, small scale units are the major beneficiary of the ICICI assistance.
-) The LIC was established under the LIC Act in 1956. It offers many insurance policies to give social security to various segments of society. As per its investment policy, LIC invests

75% and above in Central and State Government's securities including government-guaranteed marketable securities and in the socially-oriented sector. The LIC gives loans for activities like housing, rural electrification, modernization of industry, expansion, diversification of industrial ventures, water supply and sanitation etc.

Unit Trust of India (UTI):

The UTI was set up by the Government of India in 1964 under an Act of Parliament. The chief objectives of UTI are to mobilize savings of small investors through sale of units and to channelize these savings towards corporate investment. The UTI has introduced many schemes which aimed at common investors. These schemes are mainly Primary Equity Fund, Retirement Benefit Plan, Grihalaxmi Unit Plan, Unit Scheme 1995 and Columbus India Fund. The UTI also provides financial assistance to corporate sector in the form of term loans and underwriting direct subscriptions to shares and debentures.

Industrial Reconstruction Bank of India (IRBI):

The IRCI was set up in 1971 under the Companies Act to act as an agency to rehabilitate the sick units. But, in the year 1984, the Government of India renamed the IRCI as Industrial Reconstruction Bank of India (IRBI) by an Act of Parliament. Thereafter, it acts as a reconstruction agency to revive, reconstruct and rehabilitate the sick industrial concerns. IRBI plays a significant role in promoting entrepreneurial and industrial development in the country by performing the following functions

-) It provides financial assistance to industrial concerns.
-) It acts as an agency of State Government, Union Government and other financial institutions as per the authorisation of the Government.
-) It provides consultancy and merchant banking services for reconstruction and development of industrial units.

-) It also helps in providing infrastructural facilities, raw materials, machineries and other tools on the basis of hire-purchase and lease schemes.

Exim Bank (Export-Import Bank)

Export-Import Bank of India is the premier export finance institution in India, established in 1982 under the Export-Import Bank of India Act 1981. Since its inception, EXIM Bank of India has been both a catalyst and a key player in the promotion of cross border trade and investment. Commencing operations as a purveyor of export credit, like other Export Credit Agencies in the world, EXIM Bank of India has, over the period, evolved into an institution that plays a major role in partnering Indian industries, particularly the Small and Medium Enterprises, in their globalization efforts, through a wide range of products and services offered at all stages of the business cycle, starting from import of technology and export product development to export production, export marketing, pre-shipment and post-shipment and overseas investment.

Organisation

EXIM Bank is managed by a Board of Directors, which has representatives from the Government, Reserve Bank of India, Export Credit Guarantee Corporation of India, a financial institution, public sector banks, and the business community.

Functions:

The Bank's functions are segmented into several operating groups including:

-) Corporate Banking Group which handles a variety of financing programmes for Export Oriented Units (EOUs), Importers, and overseas investment by Indian companies.
-) Project Finance / Trade Finance Group handles the entire range of export credit services such as supplier's credit, pre-shipment Agriculture Business Group, to spearhead the initiative to promote and support Agricultural exports. The Group handles projects and export transactions in the agricultural sector for financing.

-) Small and Medium Enterprise: The group handles credit proposals from SMEs under various lending programmes of the Bank.
-) Export Services Group offers variety of advisory and value-added information services aimed at investment promotion.
-) Export Marketing Services Bank offers assistance to Indian companies, to enable them establish their products in overseas markets. The idea behind this service is to promote Indian export. Export Marketing Services covers wide range of exports oriented companies and organizations. EMS group also covers Project exports and Export of Services.
-) Besides these, the Support Services groups, which include: Research & Planning, Treasury and Accounts, Loan Administration, Internal Audit, Management Information Services, Information Technology, Legal, Human Resources Management and Corporate Communications.

Export Credit Guarantee Corporation of India LTD. (ECGC)

Export Credit Guarantee Corporation of India Ltd. (ECGC) is a Government of India Enterprise which provides export credit insurance facilities to exporters and banks in India. It functions under the administrative control of Ministry of Commerce & Industry, and is managed by a Board of Directors comprising representatives of the Government, Reserve Bank of India, banking, insurance and exporting community. Over the years, it has evolved various export credit risk insurance products to suit the requirements of Indian exporters and commercial banks. ECGC is the seventh largest credit insurer of the world in terms of coverage of national exports. The present paid up capital of the Company is Rs. 1200 Crores and the authorized capital is Rs. 5000 Crores.

ECGC is essentially an export promotion organization, seeking to improve the competitive capacity of Indian exporters by giving them credit insurance covers comparable to those available to their competitors from most other countries. It keeps its premium rates at the lowest level possible.

Payments for exports are open to risks even at the best of times. The risks have assumed large proportions today due to the far-reaching political and economic changes that are sweeping the world. An outbreak of war or civil war may block or delay payment for goods exported. A coup or an insurrection may also bring about the same result. Economic difficulties or balance of payment problems may lead a country to impose restrictions on either import of certain goods or on transfer of payments for goods imported. In addition, the exporters have to face commercial risks of insolvency or protracted default of buyers. The commercial risks of a foreign buyer going bankrupt or losing his capacity to pay are aggravated due to the political and economic uncertainties. Export credit insurance is designed to protect exporters from the consequences of the payment risks, both political and commercial, and to enable them to expand their overseas business without fear of loss.

ECGC helps the exporters in following way:

-) Offers insurance protection to exporters against payment risks
-) Provides guidance in export-related activities
-) Makes available information on different countries with its own credit ratings
-) Makes it easy to obtain export finance from banks/financial institutions
-) Assists exporters in recovering bad debts
-) Provides information on credit-worthiness of overseas buyers

Objectives of ECGC:

-) To encourage and facilitate globalization of India's trade.
-) To assist Indian exporters in managing their credit risks by providing timely information on worthiness of the buyers, bankers and the countries.
-) To protect the Indian exporters against unforeseen losses, which may arise due to failure of the buyer, bank or problems faced by the country of the buyer by providing cost effective credit insurance covers in the form of Policy, Factoring and

Investment Insurance Services comparable to similar covers available to exporters in other countries.

-) To facilitate availability of adequate bank finance to the Indian exporters by providing surety insurance covers for bankers at competitive rates.
-) To achieve improved performance in terms of profitability, financial and operational efficiency indicators and achieve optimum return on investment.
-) To develop world class expertise in credit insurance among employees and ensure continuous innovation and achieve the highest customer satisfaction by delivering top quality service.
-) To educate the customers by continuous publicity and effective marketing.

UNIT 2
***INSTITUTIONS AND SCHEMES OF
TAMILNADU – STATE LEVEL FINANCIAL
CORPORATION – SIDCO – TN WOMEN
DEVELOPMENT CORPORATION – TN ADI
DRAVIDAR HOUSING DEVELOPMENT
CORPORATION***

Entrepreneurship Development Institute

Established in 2001, the Entrepreneurship Development Institute (EDI), Chennai is an apex organization in the field of entrepreneurship education and self-employment promotion in the state of Tamil Nadu. Entrepreneurship Development Institute, Chennai (EDI) was constituted by Government of Tamil Nadu and is administered by Department of Micro, Small and Medium Enterprises (MSME). EDI has embarked on a multipronged strategy to be executed in the next few years which involves a series of programs to be introduced with the objective of promoting Entrepreneurship in Tamilnadu.

The different training programs which are provided by the department will certainly help the individuals who have an ambition to start their own enterprise and thereby follow their dreams.

EDI is partnering with the best HR and training companies in the country to deliver these programs. These companies have experienced trainers in specific domains who will be able to deliver the programs in an effective manner.

Objectives

1. To promote of micro and small enterprises through entrepreneurship education,
2. To assist potential entrepreneurs who have ambitions to start their own enterprise,

3. To evolve multipronged strategies to entrepreneurship development and inculcating entrepreneurship culture in a massive way,
4. To undertake research, surveys and curricula developments for self-employment training programmes/ entrepreneurship,
5. To implement training programmes as required under various schemes of the central and state Govts.
6. To facilitate employment generation through skill upgradation trainings among the chosen target groups.
7. EDI considers that micro and small enterprise development is an activity essential for economic development, inclusive growth and poverty alleviation. EDI by its multifarious activities provide financial, technical, social and business support to individual entrepreneurs who aspire to be self-employed but most of them lack business and trade experience. Although these potential entrepreneurs possess the drive, creativity and talents to create and market a product needed in their communities, the skills required to run small businesses sustainably are often lacking in the absence of a formal business education or a mentor. At EDI, newer strategies are being designed/ modified to promote entrepreneurship and create wage-employment.

Needs Scheme in Tamil Nadu

The New Entrepreneur cum Enterprise Development Scheme (NEEDS) is a scheme promoted by the Directorate of Industries and Commerce, Government of Tamil Nadu. The objective of the scheme is to provide educated youth with opportunities for entrepreneurship by providing capital and interest subsidy. In this article, we take a brief look at the features of the NEEDS Scheme in Tamil Nadu:

NEEDS scheme overview

The NEEDS Scheme is promoted by the Directorate of Industries and Commerce, Government of Tamil Nadu for providing opportunities for young / new educated entrepreneur with subsidy

and support for starting a new venture. The scheme mainly target educated youth with any Degree, Diploma, ITI / Vocational Training from recognized Institutions.

NEEDS scheme eligibility criteria

Age Criteria: All entrepreneurs within the age of 21 to 35 are eligible under the General Category. Entrepreneurs within the age of 21 to 45 who are also Women / SC / ST / BC / MBC / Minorities / Ex-Servicemen / Transgenders / Differently abled persons are eligible under the Special Category.

Academic Qualification: The entrepreneur must hold a Degree, Diploma, ITI / Vocational Training from a recognized Institution.

Place of Residence: The entrepreneur should be a resident of Tamil Nadu for not less than 3 years.

Business Entity: Entrepreneurs starting their business as a proprietorship or partnership are eligible for the subsidy under the NEEDS Scheme. Also, the business should be a new business.

collateral Security: Collateral security will be decided as per Bank / Tamil Nadu Industrial Investment Corporation Limited (TIIC) guidelines. Loans may also be covered under Credit Guarantee Fund Trust Scheme for Micro and Small Enterprises (CGTMSE) Scheme.

Other Conditions: Projects without capital expenditure or self financed projects are not eligible for the subsidy. 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 Programme (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. Also, the entrepreneur should

not be a defaulter to any Commercial Bank/ Tamil Nadu Industrial Investment Corporation Limited.

Activities eligible for assistance under NEEDS scheme

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

The following are activities which are ineligible for assistance under NEEDS Scheme:

Any activity directly connected with agriculture.

Sericulture (Cocoon rearing), Animal Husbandry like Pisciculture, Piggery, Poultry etc.,

Manufacturing of Polythene carry bags of less than 40 microns thickness and manufacture of carry bags or containers made of recycled plastic for storing, carrying, dispensing or packaging of food stuff.

-) Sugar.
-) Distilleries, Brewery and Malt Extraction.
-) Units utilizing Molasses/rectified spirit/de-natured spirit as raw material for manufacture of potable alcohol.
-) Fertilizer manufacture and blending (Except bio-fertilizers).
-) Mining and Quarrying Ores, minerals etc. [Excluding polishing, cutting, crushing, etc. of mined ores / minerals].
-) Aluminium, Iron and Steel Smelting [Excluding foundries].
-) Manufacturing of intoxicant items like Beedi / Pan / Cigar / Cigarette etc.,
-) Saw Mills.
-) Cement.
-) Calcium Carbide.
-) Slaughter House.
-) Re-packing of Drugs./ Medicine / Chemical, without any processing or value addition.

-) Azoic / Reactive Dyes.
-) Firecrackers.
-) Industries manufacturing and or utilizing Ozone depleting substances.
-) Industries involving hazardous activities / classified as “Red category” by Tamil Nadu Pollution Control Board / Central Pollution Control Board.
-) Cyanide.
-) Caustic Soda.
-) Potassium Chloride.
-) Nylon, Rayon & Polyester Fibre manufacturing. [Excluding manufacture of downstream products from Nylon, Rayon & Polyester Fibre].
-) Real Estate.

Subsidy provided under the NEEDS Scheme

A subsidy to the tune of 25% of the project cost not exceeding Rs.25.00 lakhs is provided under the NEEDS Scheme. For projects costing more than Rs. 1.00 Crore, subsidy component is restricted to Rs. 25.00 lakhs. Project cost includes capital expenditure and margin money for working capital. Cost of rented/leased building, technical know-how, preliminary/ pre-operative expenses and working capital margin will not be subsidized. Of the total project cost, promoter contribution must be more than 10% of the Project Cost for general category entrepreneurs and 5% of the project cost in case of special category entrepreneurs (BC / MBC / DNC / SC / ST / Women / Minorities / Ex-Servicemen / Transgenders / Differently abled Entrepreneurs).

In addition to the above 25% subsidy, an interest subsidy to the tune of 3% is also provided under the NEEDS Scheme. For enterprises financed by Tamil Nadu Industrial Investment Corporation (TIIC), the loan will be extended with a 3% rebate and the interest rebate of 3% will be reimbursed to TIIC on a quarterly

basis. For loans extended by commercial banks, the 3% interest subsidy will be provided as a back-ended interest subsidy on a quarterly basis during the entire repayment period.

Procedure for obtaining NEEDS scheme subsidy

Application for NEEDS scheme must be made to the District Industries Centre, which will scrutinize the application and place it before a Task Force Committee. Selected applications will be sent to the banks / TIIC branches for assessment and provisional sanction. Eligible entrepreneurs who are sanctioned bank loans will be asked to attend a one month compulsory Entrepreneurship Development Programme (EDP) conducted by the Entrepreneurship Development Institute. On completion of the EDP, the entrepreneur will deposit the promoter's contribution with the bank / TIIC that has accorded sanction and start availing the loan. On disbursement of the loan and intimation of the same to General Manager, Directorate of Industries and Commerce, subsidy will be released to the bank / TIIC in stages as per the project size.

State Level Financial Corporation

Tamilnadu Industrial Investment Corporation Ltd.

[TIIC] is a premier State Financial Corporation established in the year 1949. TIIC fosters industrial development in Tamilnadu by providing financial assistance to industries for purchase of land, machinery and construction of buildings. TIIC provides financial assistance at competitive interest rates for setting up of new industrial units and for expansion / modernisation / diversification of existing industries in Tamilnadu. It also offers loan for service sector projects such as hotels, hospitals and tourism related projects.

While TIIC provides assistance to micro, small, medium and large enterprises, about 90% of the assistance goes to the micro, small and medium enterprises [MSME] sector. Of this, about 40% goes to first generation entrepreneurs. Thus, TIIC acts as a catalyst for industrial promotion within the State by creating a new generation of entrepreneurs.

TIIC has so far assisted 1,13,962 units with a cumulative sanction of Rs.10,385.52 crores upto 31.03.2013.

TERM LOAN

The scheme is intended to provide financial assistance for new project or to expand / modernise / diversify the existing project.. All small scale / medium / large scale industries and service sector units are eligible for financial assistance. Proprietary concern, Partnership concern, Private Limited Company and Public Limited Company are eligible for financial assistance.

Bill Financing

The scheme aims at financing the MSME and non-manufacturing enterprises with whom purchase orders have been issued by TNEB / TWAD / TANSI (TNEB - for the supply of ACSR conductors / AAAC conductors / distribution transformers / power transformers / cables / AB Switches, Pillar boxes, Grills) / TNPL. The scheme also covers execution of work contract and turn key projects, repairs and reconditioning of sick transformers of TNEB and work contract of TWAD. In respect of TNPL service providers, bills are also discounted.

Working Capital Term Loan [Wctl]

To extend financial assistance for TIIC assisted and non-assisted units engaged in manufacturing and processing industries including Rice Mills, to meet their working capital / additional working capital requirements.

-) The unit should be in existence and in operation for the past two financial years and should have earned cash profit for the last two years.
-) The unit should be in standard assets category of TIIC / Banks for the last two years.
-) The net worth of the unit should be positive.

The maximum quantum of assistance is Rs.150.00 lakhs per unit. Additional or enhanced working capital will be considered after 1 year.

Promoter's contribution shall not be less than 25% of the Working Capital assessment made.

Insurance for Entrepreneurs

The Corporation has entered into non-fund based activity of marketing general insurance products of The Oriental Insurance Company Ltd since February 2010. This will facilitate the clients of TIIC to avail financial credit facilities and insurance products under single roof.

-) Fire
-) Burglary
-) Earth quake
-) Machinery breakdown
-) Marine
-) Vehicle Insurance
-) Cash safe / transit
-) Fidelity guarantee
-) Household insurance
-) Medical Insurance
-) Personal accident cover
-) Electronic equipment

The services are available to clients and employees of TIIC, Public / Private Enterprises and general public. Interested parties may contact our nearest Branch Office or Corporate Office.

TIIC Schemes for Entrepreneurs

-) General Term Loan Scheme
-) Single Window Scheme
-) Micro / Small Enterprises Funding Scheme
-) WCTL for Manufacturing Sector including Rice Mills
-) WCTL for Exclusive Job Work Units
-) Scheme for purchase of new Windmill
-) Scheme for purchase of used Windmill
-) Bill Financing Scheme
-) My Doctor Scheme

-) Doctor Plus Scheme
-) Warehousing / Cold Storage
-) Generator
-) Entrepreneur Development Scheme
-) Scheme for Commercial Complex / Convention Centers / Community and Marriage Halls

TIIC subsidy for Entrepreneurs

Sl. No.	Subsidy	Details
State Government Subsidies / Incentives		
A. Subsidy / Incentives for Micro, Small and Medium Enterprises		
1.	Capital Subsidy	25% on eligible plant and machinery value, subject to a maximum of Rs.30 lakhs (set up in 251 backward blocks – however micro enterprises are eligible in all areas)
2.	Additional Capital Subsidy for select category of Entrepreneurs	Additional Capital Subsidy of 5% subject to a maximum of Rs.2.00 lakhs to Enterprises located in backward areas / agro based industries & set up by Women / SC / ST / Physically handicapped / Transgender entrepreneurs.
3.	Employment Intensive Subsidy	Employment Intensive Subsidy of 5% subject to a maximum of Rs.5.00 lakhs will be granted, if at least 25 workers have been employed for a minimum period of 3 years within the first 5 years from the date of commencement of production for units set up in backward areas / agro based enterprises.
4.	Subsidy for Agro based Enterprises	Capital Subsidies 1-3 above are extended for setting up of Agro based enterprises in all 385 blocks in the State.
5.	Special Capital Subsidy to Thrust	Micro / Small / Medium manufacturing enterprises in notified thrust sectors are

	Sector Enterprises notified by the State Government	eligible for 25% on eligible Plant and Machinery subject to maximum of Rs.30.00 lakhs. Such industries set up anywhere in the State are eligible.
6.	New Entrepreneur cum Enterprise Development Schemes [NEEDS]	Government of Tamilnadu has formulated a Special Scheme for New Entrepreneur cum Enterprise Development Scheme [NEEDS] in order to assist the educated youth to become first generation entrepreneurs. Educated youth with any Degree, Diploma, ITI/Vocational Training from a recognized institution and in the age group of 21-35 years under General Category and 21 to 45 years under Special Category aspiring to become entrepreneurs would be eligible for assistance under this scheme. The project cost shall not exceed Rs.1.00 crore. Capital subsidy of 25% of the project cost upto a maximum of Rs.25.00 lakhs will be provided by the State Government. Besides, a 3% interest subvention will also be extended by the State Government. For further details, refer G.O.(Ms).49, MSME (D2) Department, dated 29.10.2012.
7.	3% Interest Subvention Scheme	All term loans sanctioned with effect from 03.09.2012 by Tamilnadu Industrial Investment Corporation Limited for Micro, Small and Medium Enterprises both manufacturing and service sectors, under various types of schemes like General Term Loan, Term Loan for Windmill, Working Capital Term Loan, Open Term Loan, etc. are eligible for the 3% interest subvention. Individual beneficiary can avail

		maximum interest subvention of Rs.30.00 lakhs irrespective of the number of loans. For further details, refer to G.O.Ms.No.156 Industries (M.I.F.2) Department, dated. 03.09.2012 & G.O.(Ms).No.173, Industries (M.I.F.2) Department, dated. 04.10.2012
8.	Back-ended Interest Subsidy	3% Back Ended Interest Subsidy to a maximum of Rs.10.00 lakhs over a period of five years on loans up to Rs.100.00 lakhs for Micro / Small /Medium Enterprises under specific schemes like MSEF Scheme, CLCS eligible technology.

B. Generator Subsidy		
1.	Generator Subsidy	25% of the cost of Generator set upto the capacity of 320 KVA purchased on or after 11.11.2008 by all new & existing Micro, Small and Medium manufacturing enterprises for their captive use subject to the maximum limit of Rs.5.00 lakhs.
C. Incentives to Medium / Mega / Large Scale Industries		
1.	Incentives to Medium / Mega / Large Scale Industries	TIIC has been nominated as the Nodal Agency for sanction and disbursement of incentives / subsidies for Medium / Mega / Large Scale Industries in Tamilnadu whose investments upto Rs.300 crores.

Table.1.Subsidies and Incentives to Entrepreneurs

Entrepreneur Development Scheme Of TIIC

This scheme has been introduced with the specific aim of encouraging entrepreneurship amongst persons from economically and socially disadvantaged backgrounds who wish to promote their own enterprise, to generate income and to lead a life of dignity.

Eligibility:

-) Persons without any asset back up but having relevant qualifications and experience for implementing viable project i.e., first generation entrepreneurs. Ideally entrepreneurs who are engaged in some manufacturing/service/value addition activity shall be targeted under the scheme.
-) The promoters should have knowledge/experience in the particular line of proposed activity.
-) Existing small units requiring assistance for additional machinery / needs additional working capital
-) For transport loan cases, assistance shall be considered only for “OWNER DRIVEN” category i.e., entrepreneur should have valid license with badge for Auto and Tourist Taxi endorsement for the purchase of Tourist Taxies.. Assistance for subsequent vehicles to the same individuals can be considered under Non-owner driven category. For small industrial units requiring load vehicles, assistance can be also considered under Non-owner driven category. The vehicle should be registered as Private Vehicle in the name of the applicant unit.

In-Eligible Activities: Loan advances to the following activities shall not be considered under the scheme:-

-) Educational/Training Institutions (including professionals / computers etc.,) in any form
-) Group Loans – Loans to Self Help Groups etc.,
-) Wholesale / Retail trading

Quantum of Assistance: The minimum loan assistance shall be Rs.50,000/-. The maximum loan limit shall be Rs.5.00 lakhs or 30 times on the net salary of the two guarantors put together whichever is lower. Term and working capital loan can be sanctioned as a composite loan as a maximum of Rs.5.00 lakhs. Working capital can be sanctioned to units not exceeding the term loan amount or Rs.50,000/- whichever is higher. Working capital can be sanctioned to Artisans not exceeding Rs.50,000/- with the proper assessment.

Margin Money: The promoter's contribution shall be a minimum of 10% on the project cost.

Repayment:- The repayment shall be fixed between two and five years with a moratorium of three to six months. It shall be fixed based on the cash flow and future life of the equipments. For units purchasing electronic items, repayment will be 3 years.

Rate of Interest:

-) The rate of interest shall be fixed at 15.25% (PLR + 1.25%) p.a. with **reset clause** whenever the Corporation revises the interest rate..
-) In case of default, the interest shall be charged on compound basis at monthly rest, besides penal interest of 2.5% on the defaulted EMI for the defaulted period.

Security:

-) Primary assets shall be mortgaged / hypothecated to TIIC. In case of loan for expansion, charge on the existing assets will be extended.
-) Third party guarantee shall be obtained as under:-
 - o For loans upto Rs.2.00 lakhs - from one person
 - o For loans above Rs.2.00 lakhs - from two persons
-) The guarantors should be an employee of Central / State Government or Central / State Government undertakings or Public Sector Banks / Financial Institutions or any other organisations / bodies established by Central / State Government (inclusive of Co-operative Societies and educational institution established by State and Central Government). The guarantor's age is restricted to 50 years.

or
-) The guarantor should be a person owning land / land and building worth equal to or more than 2 times of the loan amount. Value of the property shall be assessed by a TIIC official.
-) The guarantor's age is restricted to 60 years.

Salient Features:

-) If the Applicant / Spouse / Children owns immovable property, then such applicants need not be considered under the scheme..
-) The pre-operative expenses payable by the promoter such as processing fee, can be included in the project cost. However, the promoter has to pay 1% on the loan amount initially and 0.5% on the loan amount sanctioned at the beginning of every year as RISK COVERAGE FUND as the entire risk is borne by the Corporation.
-) The procedures for considering proposals and for sanction of loans under the scheme are simple and hence quick. The hassle free and easy process of TIIC, devoid of laborious paper work and a welcome relief for the entrepreneurs.

Sidco (State Industries Development Corporation)

State industries development corporation in Tamilnadu is “Tamilnadu Small Industries Development Corporation Limited” (TANSIDCO), an undertaking of Government of Tamilnadu, functions with the specific objective of playing catalytic role in the promotion and development of Small Scale Industries and hastening the industrial dispersal throughout Tamilnadu.

The key areas of TANSIDCO’s activities are as follows:

-) Development of industrial estates with infrastructure facilities and provision of work sheds & developed plots.
-) Raw Materials Supply Scheme
-) Marketing Assistance Scheme
-) Guidance to Entrepreneurs

Schemes of TANSIDCO for the Development of industrial estates

TANSIDCO develops and maintains industrial estates in potential growth centres with necessary infrastructure and provides the following facilities to the entrepreneurs for setting up industries:

-) Work sheds of standard size ranging from 600 sq.ft. to 4000 sq.ft.

-) Developed Plots of various sizes ranging from 0.150 acre to 1.000 acre and above
-) Tiny plots in sizes 5 cents to 15 cents for the benefit of Micro Enterprises
-) Multistorey rCC workshed, modules of sizes of 500 sq.ft. and 1000 sq.ft. at Guindy, Chennai for Electronics, Garments and light engineering industrial units.

So far 78 Industrial Estates have been developed with 4242 Work Sheds and 4933 Developed Plots. For Micro Enterprises, 1841 Tiny Sheds in sizes ranging from 200 sq.ft to 600 sq.ft were constructed and allotted.

Facilities provided in the Industrial Estates

-) All basic infrastructure facilities like roads, street lights, water supply, drainage, sewerage connection etc., have been provided.
-) TNEB Sub-station for giving power supply to the Units is provided in Industrial Estates.
-) Canteen, Banks, Post and Telegraph Office, Telephone Exchange, Police Out post, Fire Stations, Communication Centre, Parking space, Parks, hospital with First Aid Post, Common creche for Children, Common space for Association have also been provided in the Estates.

Allotment Procedure

Sheds and Developed Plots are allotted to entrepreneurs under different schemes as follows to suit the needs of the entrepreneurs depending on the location of the industrial estates

-) Outright purchase,
-) Hire purchase and
-) Lease / Rental basis in no demand areas

Concessions for women industrial parks formed by TANSIDCO

The initial payment in respect of Plots has been reduced from 25% to 15% in the women industrial parks

The administrative charge has been reduced from 15% to 10% for the allotment of both shed and plot in New Industrial Estates except for Industrial Estates in and around Chennai.

The administrative charge is 5% for allotment in Industrial Estate at Kirungakottai.

General concessions to TANSIDCO Industrial Estates

-) 10% reservation of plots/sheds in industrial estates at the time of every allotment for ex-servicemen
-) Preference upto 30% for women entrepreneurs in the allotment of the work sheds and developed plots
-) As per G.O.Ms.No.141 dated 30.9.2003 of Small Industries Department, industrial units located in the Industrial Estates of TANSIDCO are exempted from paying 50% of Stamp Duty while registering the sale deed for sheds / plots for the purchase from TANSIDCO. Only 1% registration fee has to be paid and the value of shed / plot fixed by TANSIDCO will be taken for the above purpose.
-) Infrastructure facilities such as roads, water supply, drainage and E.B connections are available in these Estates and hence the allottees can start their industries immediately.
-) For the requirement of L.T. and H.T. Power of the Industrial allottees, TANSIDCO in co-ordination with TNEB is making necessary arrangements to get adequate power supplies.
-) The requests of allottees, (who are unable to run the industries due to various reasons such as financial crisis etc.) for Transfer, Sale, Lease to another entrepreneur, are considered and permission given quickly by TANSIDCO by collecting transaction fee as prescribed from time to time. In case of requests for Transfers of plots without utilising and starting the industry in it, penalty will also be levied.
-) TANSIDCO is giving N.O.C to the allottees for mortgaging their Developed Plots / Work Sheds to any Banks / Financial

Institutions for availing loans and a prescribed processing fee will be collected from allottees for issue of such N.O.Cs.

-) Five new industrial estates are under development at Thirumullaivayal (near Chennai), Vazhavanthakottai (near Tiruchy), Karuppur (near Salem), Kurichi (near Coimbatore) and Maruthangulam (near Maduari) for women entrepreneurs.
-) Undeveloped lands are also available for allotment at Kumbakonam, Sivaganga, Karaikudi, Kakkalur (Thiruvallur), Pudukkottai, Elambalur, Valavanthakottai (Tiruchy), Andipatti, Rajapalayam Kirungakottai (Sivaganga), Urappuli, Keelanagachi, Asanur (Villupuram), Venmani Athur (Tindivanam), Vellakkoil (Erode).
-) TANSIDCO also develops industrial estates in private lands owned by a group of entrepreneurs and SSI Associations at a nominal service charge as per the requirement.

Eligibility criteria to set up Industrial Units in TANSIDCO Industrial Estates

-) Small Enterprises whose manufacturing activities are free from Pollution (Air, Water & Noise). They should obtain entrepreneur memorandum from General Manager, DIC and clearance from TNPCB.
-) Water based Units are not allowed inside the Estates. Only 500 litre / day is supplied to each Unit by TANSIDCO.
-) Small Enterprises with an investment on Plant & Machinery upto Rs.100 lakhs and Micro enterprises with an investment upto Rs.25 lakhs are allowed to put up their Units.
-) Medium Scale Units are permitted to put up their Units on payment of 1½ times of normal land cost / shed cost subject to revision from time to time.
-) No Large Scale Units are permitted to put up units in the TANSIDCO industrial estates.

Tamil Nadu Corporation for Development of Women (TNCDW)

The Tamil Nadu Corporation for Development of women (TNCDW) was established in 1983 with the prime objective of bringing about socio-economic development and empowerment of women. The Corporation implements Mahalir Thittam, IFAD assisted Post Tsunami Sustainable Livelihoods Programme and also SGSY, a major anti-poverty programme meant for self employment of rural poor.

In order to bring about greater synergy and better coordination in implementing various schemes for Self Help Groups, Tamil Nadu Corporation for Development of Women Ltd was brought under the control of Rural Development and Panchayat Raj Department from July 2006. Further the Board of TNCDW was broad based and reconstituted vide G.O.Ms.No:148, Rural Development and Panchayat Raj (CGS-II) Department, dated 12.10.2006 to include representatives from industry, NGO sector, Banks and Specialists who can positively guide the Corporation with their valuable inputs.

Objectives of TNCDW

1. To build capacity of poor and disadvantaged women in order that they are enabled to cross all social and economic barriers, and thereby facilitate their full development into empowered citizens; To reach out to 35 lakh BPL families in Tamil Nadu with focus on SC/ST, widows, physically handicapped and destitute for social, economic and political empowerment.
2. To achieve the equality of status of poor women as participants, decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life; To create or reorient democratic, economic and social processes and institutions to enable poor women to participate fully and actively in decision-making in the family and community, and at the local, district, state and national levels; To empower women to work together with men as equal partners and to inspire a new generation of women and men to work together for equality, sustainable

development, and communal harmony; To promote and ensure the human rights of women at all stages of their life cycle.

3. To advocate changes in government policies and programmes in favor of disadvantaged women. VISION The SHG movement with nearly 59 lakh women as members has grown from strength to strength over the years bringing about substantial social change. It would be the endeavour of the Corporation to extend the benefits of the SHG approach to the uncovered areas of the state and uncovered sections of society. The immediate goal of TNCDW is to ensure that all poor women particularly widows, destitutes and marginalised are included in SHGs in the next three years. TNCDW has been very successful in bringing about social empowerment of women which has not fully translated into economic empowerment.

Schemes under TNCDW

Dew since inception has been implementing a member of projects and schemes some of which have yielded spectacular results. The partnership we have built with NGO's, banks, Government agencies and departments have made substantial impact on the lives of thousands of poor and disadvantaged women.

Old schemes

-) IFAD assisted TN Women Development Project
-) Bangaru Ammaiyaar Ninaivu Mahalir Thittam
-) Entrepreneurship Development Programme
-) Vocational & Skill Development Programmes

Tamil Nadu Adi Dravidar Housing and Development Corporation Limited (TAHDCO)

Tamil Nadu Adi Dravidar Housing and Development Corporation Limited (TAHDCO) was incorporated in 1974 under the Companies Act, 1956 with a objective to improve socio economic status of SC/ST in Tamilnadu. The Government of Tamil Nadu and the Government of India contribute to the Share Capital of the Corporation. At present the Authorized Share Capital of the

Corporation is Rs. 150.00 Cr and paid up share capital is Rs.128.27 Cr. The State Govt. and the Central Govt. contribute the share capital in the ratio of 51:49. TAHDCO is a ISO 9001 : 2008 Certified company

Though the Corporation was initially started as a Construction Company in 1974, the activities of the Corporation was extended to enable it to undertake a wide spectrum of economic development schemes for income generation, skill development training for Scheduled caste and Scheduled Tribes in the State.

Objectives of TAHDCO

-) To implement economic development schemes for the Welfare of Scheduled Caste / ST in the State.
-) To provide skill development training to youth belonging to Scheduled Caste and Scheduled Tribes for job / self employment.
-) To undertake construction activities entrusted by the Government.

Organisation

There are two functional wings in TAHDCO headed by the Managing Director.

The development wing consisting of 32 offices in each district Head Quarters.

The Construction wing consisting of 10 divisions and functioning at Chennai (2 Divisions), Villupuram, Vellore, Trichy, Madurai, Thirunelveli, Thanjavur, Salem and Coimbatore.

Schemes of Tahdco

National Scheduled Caste Finance And Development Corporation (NSFDC)

-) National Scheduled Castes Finance Development Corporation (NSFDC) is a Government of India undertaking working under the Ministry of Social Justice and Empowerment.
-) TAHDCO is the Channelizing agency of NSFDC in Tamil Nadu.

-) NSFDC provides term loan for projects costing up to Rs.30.00 lakhs for any income generating activity. The applications should be routed through the State Channelling agency only (TAHDCO).
-) Government of Tamilnadu has given Guarantee of Rs.25 Crores for the term loan received from NSFDC.

Eligibility criteria

-) The beneficiary should be from the Scheduled Caste Community.
-) Annual family income of the beneficiary should not exceed (double the poverty line) Rs.40,000/- p.a. for rural areas and Rs.55,000/- p.a. for urban areas.

TAHDCO has given loan under NSFDC to 7090 beneficiaries. Most of the beneficiaries under NSFDC (nearly 80%) have availed term loan along with margin money.

Scavenger welfare board

The Government in G.O.Ms.No.71/AD & TW (ADW-6) Dept., dated 11.06.07 have issued orders for the formation of Tamil Nadu Scavengers Welfare Board, under the Chairmanship of the Hon'ble Minister for Adi Dravidar and Tribal Welfare Department., with 13 official members and 12 non official members.

The Government vide G.O.Ms.No.47, AD & TW (ADW – 6(1) Department, dated 04.04.08 ordered the following benefits to Scavengers Welfare Board members.

Sl.No	Welfare schemes for the members of Board	Financial Assistance (Rupees)
1	Accident	
	a) Death due to Accident	1,00,000
	b) Physical Handicapped due to Accident	10,000 to 1,00,000
2	Natural Death	15,000
3	Cremation (Burial)	2,000
4	Education	

	a) Studying 10 th Std., (Female)	1,000
	b) 10 th std pass	1,000
	c) Studying 11 th Std., (Female)	1,000
	d) studying 12 th Std., (Female)	Rs.1,500
	e) 12 th Std., passed	1,500
	f)Regular Degree Course	1,500
	Hostel stay with regular degree	1,750
	g)Regular Post Graduates	2,000
	Hostel stay with Post Graduates	3,000
	i) Bachelor of Technical Education	2,000
	Hostel stay with Technical Education	4,000
	Post Graduates Technical Education	4,000
	Hostel stay with P.G Technical Education	6,000
	I.T.I. (or) Technical Training Education	1,000
	With Hostel	
	I.T.I. (or) Multi Technical Training Education	1,200
5	Marriage Assistance	2,000
6	Pregnancy	
	a) Pregnancy per Month Rs. 1,000 (6 months)	6,000
	b) abortion/ Miscarriage	3,000
7	Towards replacement of Spectacles / Purchase of New spectacles	up to 500
8	Pension per month	400

UNIT 3

DIC - DRDA – LOCAL BANKS – RULES – SCHEMES AND PROGRAMMES

DIC – District Industries Centre

The District Industries Centres (DIC's) programme was started in 1978 with a view to providing integrated administrative framework at the district level for promotion of small scale industries in rural areas. The DIC's are envisaged as a single window interacting agency at the district level providing service and support to small entrepreneurs under a single roof. DIC's are the implementing arm of the central and state governments of the various schemes and programmes. Registration of small industries is done at the district industries centre and PMRY (Pradhan Mantri Rojgar Yojana) is also implemented by DIC. The organizational structure of DIC'S consists of General Manager, Functional Managers and Project Managers to provide technical services in the areas relevant to the needs of the district concerned. Management of DIC is done by the state government. Progress of DIC Till March 31st 1998, 422 District Industries Centres (DICs) have been set up covering 431 districts of country leaving out the metropolitan cities and some new districts. The same rose to a total of 640 Districts as per the census of 2011.

Role /Functions of DIC

The important functions of DIC are discussed as follow:

) Identification of entrepreneurs:

DICs develop new entrepreneurs by conducting entrepreneurial motivation programmes throughout the district particularly under SEEUY scheme. DICs also take association of SIS's and TCOs for conducting EDPs.

) Provisional registration:

Entrepreneurs can get provisional registration with DICs which enable them to take all necessary steps to bring the unit into existence. The entrepreneur can get assistance from term

lending institutions only after getting provisional registration. The provisional registration is awarded for two years initially and can be renewed every year but only for two times.

) **Permanent registration:**

When the entrepreneur completes all formalities required to commence the production like selection of site, power connection, installing machinery etc he can apply to DIC for permanent registration. It is only after getting the permanent registration that the entrepreneur can apply for supply of raw materials on concessional rates. Permanent registration is essential to avail all types of benefits extended by the government from time to time.

) **Purchases of fixed assets:**

The DICs recommend loan applications of the prospective entrepreneur to various concerned financial and developmental institutions e.g. NSIC, SISI etc. for the purchase of fixed assets. It also recommend to the commercial banks for meeting the working capital requirement of SSI to run day to day operations.

) **Clearances from various departments:**

DIC takes the initiative to get clearances from various departments which is essential to start a unit. It even takes follow up measures to get speedy power connection.

) **Assistance to Village Artisans and Handicrafts:**

In spite of inherent talent and ability village artisans are not better up because they lack financial strength to strive in the competitive market. DIC in support with different lead banks and nationalized banks extends financial support to those artisans.

) **Incentives and subsidies:**

DIC helps SSI units and rural artisans to subsidies granted by government under various schemes. This boost up the moral as well as the financial capacity of the units to take further

developmental activities. The different types of subsidies are power subsidy, interest subsidy for engineers and subsidy under IRDP etc. from various institutions.

) **Interest free sales tax loan:**

SIDCO provides interest free sales tax loan up to a maximum limit of 8% of the total fixed assets for SSI units set up in rural areas. But the sanction order for the same is to be issued by DIC. The DIC recommends the case of SSI units to National Small Industries Corporation Limited for registration for Government purchase programme.

) **Assistance of import and export:**

Government is providing various types of incentives for import and export of specific goods and services. These benefits can avail by any importer or exporter provided the same is routed through the concerned DIC. Export and import license is also issued to the importer or exporter only on the basis of recommendation of DIC.

) **Fairs and exhibitions:**

The DICs inspire and facilitate the SSI units to participate in various fairs and exhibitions which are organized by the Government of India and other organizations to give publicity to industrial products. DICs provide free space to SSIs for the display of their products and attitudes financial assistance for the purpose.

) **Training programmes:**

DIC organizes training programs to rural entrepreneurs and also assists other institutions or organization imparting training to train the small entrepreneurs.

) **Self-employment for unemployed educated youth:**

The DICs have launched a scheme to assist the educated unemployed youth by providing them facilities for self employment. The youth should be in the age group of 18 to 35 years with minimum qualification of Metric or Middle with

I.T.I. in engineering or Technical Trade. Technocrats and women are given preference.

Aim of Dic

Table: 2. Aim of dic

Areas	Aim
Development of Industries	<ul style="list-style-type: none">) To develop the small Scale Industries and Cottage Industries in the Union Territory of Pondicherry.) To develop the human skill needed for the above industries by sending the youth to industries to gain experience by working in the plant itself.) To bring the modern techniques developed to increase the number of artisan by giving) entrepreneurs and to their representative
Development of Handicrafts	<ul style="list-style-type: none">) To revive the vanishing handicrafts to the knowledge of industrialists, training and to boost their livelihood.) To develop the new techniques in handicrafts in our Territory) To enhance sale of handicraft articles
Development of Khadi and Village Industries	<ul style="list-style-type: none">) To arrange for grant-in-aid for the development of khadi and village Industries through Pondicherry Khadi and Village Industries Board.
Development of Coir	<ul style="list-style-type: none">) To develop the coir based industries
Marketing and Publicity	<ul style="list-style-type: none">) To arrange for exhibition/publicity for sale of products manufactured in the Union Territory /districts
Implementing Centrally Sponsored Schemes	<ul style="list-style-type: none">) To implement the welfare schemes on self-employment introduced by the Central Government

Role of DIC for the promotion of Small Scale & Cottage Industries.

-) Technical support for preparation of Project Report.
-) Information on sources of machinery & Equipment.
-) Priority in Power supply / Telephone connection.
-) Promotion of new Industrial Estates / Growth Centres.
-) Land/ Shed in Industrial Estate.
-) Approval of Project Reports of special types.
-) Promotion of Electronic Industries.
-) Govt. Margin Money Loan under Additional Employment Programme.
-) Training through Entrepreneurship Development Programme.
-) Assistance under State Incentives Scheme.
-) Allotment of Raw Materials.
-) Financial Assistance under Self Employment Schemes.
-) Financial assistance through Bank/ WBFC/ WBSIC/NSIC.
-) Assistance under Equipment Leasing Scheme through NSIC.
-) Marketing linkage with Central Govt./ State Govt. organisations/ undertakings.
-) Marketing assistance through WBSIC/NSIC/CEO.
-) Ancillary Industry tie-up with Govt. undertakings.
-) Marketing information.
-) Marketing assistance through participation in Exhibitions/ Trade Fairs/ Buyers-Sellers Meet etc.
-) Marketing assistance to Handicrafts Artisans through participation in Handicrafts Expo and Exhibition inside/ outside of the state.
-) Linkage with organisations like WBHDC/ WB State Handicrafts Co-operative Society Ltd. /Development Commissioners (Handicrafts).
-) Attending problems related to SSI Registration/ Bank loan/ Marketing of production etc.

-) Linkage with Research Institutes like CMERI/CGCRI/NML/CFTRI etc. for technology up grading and innovation.
-) Financial Assistance for modernization of Unit.
-) Skill development training through own workshop/ organization like SISI, PDTC/ Coir Board/ETDC.
-) Managerial capability improvement through training, workshop, and seminars.
-) Export assistance.
-) In plant study of their SSI Units.
-) Standardisation of products.
-) Sick unit Revitalisation.
-) National level awards for innovative products/ outstanding growth/ exports etc.
-) Promotion of products under Non-conventional Energy Sources.
-) Assistance under Coir development Schemes.
-) Registration of Industrial Co-operative and financial assistance to them.
-) Pollution control.
-) Assistance under scheme promoted by district development. Finance Corporation/ KVI Commission/ Board and such other organisations.
-) Single window assistance through SIDA and District Industries Centres.
-) BSAI Loan for Cottage Industries.
-) Design & Product Development for Handicrafts.
-) Awards to Handicrafts Artisans.
-) Development of Lac Industries.
-) Setting up of Bio-gas plants.
-) Linkage with Research Institutes like CMERI/CGCRI/NML/CFTRI etc. for technology up gradation and innovation.

-) Financial Assistance for modernisation of Unit.
-) Skill development training through own workshop/ organisation like SISI, ETC/ Coir Board/ETDC.
-) Managerial capability improvement through training, workshop, and seminars.
-) Export assistance.
-) In -plant study of their SMEs.
-) Standardisation of products.
-) Sick unit Revitalisation.
-) National level awards for innovative products/ outstanding growth/ exports etc.
-) Promotion of products under Non-conventional Energy Sources.
-) Assistance under Coir development Schemes.
-) Registration of Industrial Co-operative and financial assistance to them.
-) Pollution Control.
-) Assistance under scheme promoted by W.B. Minority Dev. Finance Corporation/ KVI Commission/ Board and such other organisations.
-) Single window assistance through SIDA and District Industries Centres.
-) BSAI Loan for Cottage Industries.
-) Design & Product Development for Handicrafts.
-) Awards to Handicrafts Artisans.
-) Development of Lac Industries.
-) Setting up of Bio-gas plants.

Organisational Structure of Dic

General Manager is the head of the District Industries Centre. The post of General Manager is of Joint / Deputy Commissioner Level. The General Manager has senior officers to assist him, such as Manager (Raw Material), Manager (Credit), Manager (Economic Investigation), Manager (Marketing) Industrial

Promotion Officer(IPO) and Technical Officer cum Project Manager (PM)

The functioning of DICs and their achievement is monitored by Industries Commissioner, Meeting of General Managers is organized frequently to evaluate the performance and also help in resolving difficulties in implementation of different schemes. To resolve the problems of industries/industrialists, there are two types of committee at the district level viz.

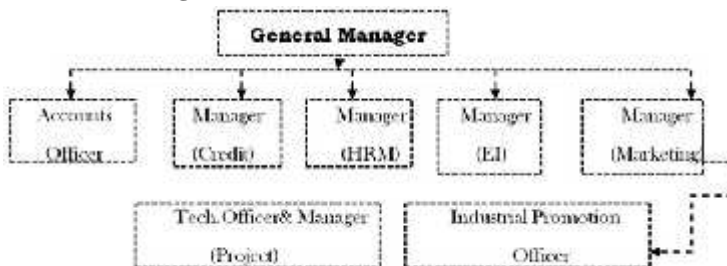
District Industrial Executive Committee (DIEC)

DIEC is constituted for solving industry related problems and promoting industrial growth. District Collector is the Chairman of this Committee and General Manager of DIC is the Member Secretary. The other members of the DIEC are Presidents of District Panchayats, DDO, MP, MLAs, Prominent persons active in Industries in the district and members of all district level industries associations.

Single Window Industrial Follow up Team (SWIFT)

Entrepreneurs face many difficulties when they start new industries. They have to deal with many government agencies and get many clearances. SWIFT helps them in guiding solving their problems at a single spot. This committee is working under the District Collector, General Manager of DIC is the Member Secretary and District Development Officer is Vice President of SWIFT. All industries related officers in the district are members of this committee.

FIGURE: 1. Organizational structure of DIC



Drda (District Rural Development Agency)

District Rural Development Agency (DRDA) has traditionally been the principal organ at the district level to oversee the implementation of anti-poverty programmes of the Ministry of Rural Development. This agency was created originally to implement the Integrated Rural Development Programme (IRDP). Subsequently the DRDAs were entrusted with number of programmes of both state and central governments. From 01 April 1989 a separate DRDA Administration has been introduced to take care of the administrative costs. This aims at strengthening the DRDAs and makes them more professional in managing the anti-poverty programmes and be an effective link between the ministry and the district level.

Rural development and poverty alleviation programmes are implemented on a decentralized basis, keeping in view the large geographical areas, the administrative requirements and the need to involve grassroots-level officials and the community in the implementation of the programmes. At the central level the Ministry of Rural Areas & Employment has been implementing these programmes. The Ministry is responsible for the release of central share of funds, policy formulation, overall guidance, monitoring and evaluation of the programmes. At the State level Prl Secretary, Rural Development and the Commissioner of Rural Development are overall incharge for implementation of the rural development programmes. At the District level, the programmes are implemented through the DRDAs (District Rural Development Agencies). The governing body of DRDA includes Members of Parliament (MPs), Members of Legislative Assemblies (MLAs), District level officials of Development Departments, Bankers, NGO's and representatives of weaker sections of the society. The District Collector is the Chairman of the Governing Board and the Project Director the Member Secretary. The Governing body at the district level provides guidance and directions to DRDA.

Many Schemes of the Central and State Governments are introduced from time to time. Several schemes are available providing support to different components of Rural Development. Schemes are also periodically modified to reflect the experience over the years. The task of DRDA has been to identify the needs of the rural population and reach the appropriate schemes where they are needed. In implementing the schemes, the role of the DRDA has been Technical, Managerial and Financial. Thus DRDA is not only a body to disburse the funds for the schemes but also provide appropriate Managerial and Technical support.

Local Area Banks

Local Area Banks were set up as per a Government of India Scheme announced in August 1996. The intention of the government was to set up new private local banks with jurisdiction over two or three contiguous districts. The objective of establishing the local area banks was to enable to mobilization of the rural savings by local institutions and make them available for investments in local areas. Thus, the overall idea was to bridge the gaps in the credit availability in the rural and semi-urban areas, thereby strengthening the institutional credit mechanism in such areas. Pursuant to announcement of this scheme, RBI received some 227 applications, but most of them were rejected. RBI approved established of only 10 Local Area Banks but out of them only 4 are into existence as of 2015.

Key Features of the Local Area Banks

-) Each local Area bank is registered as a public limited company under the Companies Act, 1956. However, they are licensed under the Banking Regulation Act, 1949.
-) The Local Area Banks are the only type of Non-scheduled Banks of India. However, they are eligible to be included in the Second Schedule of the RBI Act 1934 subject to eligibility criteria of RBI.

-) Local Area Banks have jurisdiction over a maximum of three contiguous districts, and their basic function is to mobilize funds in rural and semi-urban areas.
-) The minimum start-up capital of a LAB was fixed at Rs.5 crore and the promoters were asked to bring entire minimum share capital up-front. The promoters could be individuals, firms or societies. The family of the individual promoters was not allowed to keep more than 40% of the equity capital of the banks. The NRI promoters could not exceed more than 20% of total number of promoters.
-) The Local Area banks are subject to prudential norms, accounting policies and other policies as stipulated by the RBI. Such a bank has to maintain capital adequacy at 8% of risk weighted assets and comply with the norms of income recognition, asset classification and provisioning since inception.
-) Each Local Area Bank is allowed to open branch in only one urban centre per District and rest of the branches were allowed to be opened in the rural and semi urban centers subject to requisite clearance in respect of rural branches from the District Consultative Committee.

Functions of Local Area Banks

-) The Local Area Banks can do all normal banking business but their major function was to finance agriculture and allied activities, small scale industries, agro-industries and trading / non-farm activities in the rural and semi-urban areas.
-) These banks had to give out 40% of total credit to priority sector, of which 10% is to be given to weaker sections of the society.

Current Functioning Local Area Banks in India

There are only four Local Area Banks (LAB) in India, which exist in the form of Non-scheduled banks.

They are as follows:

Coastal Local Area Bank Ltd

This bank was established on 27th December 1999. Its area of operation includes three contiguous districts viz. Krishna, Guntur and West Godavari. Its head office is located at Vijayawada in Andhra Pradesh.

Capital Local Area Bank Ltd

This bank was established on 14th January 2000. Its area of operation includes three districts viz. Jalandhar, Kapurthala and Hoshiarpur in Punjab. The head office is at Phagwara (Punjab).

Krishna Bhima Samruddhi Local Area Bank Ltd

This bank was established on 28th February 2001 with an area of operation comprising three contiguous districts of Mahbubnagar in Andhra Pradesh and Raichur and Gulbarga in the state of Karnataka with its head office at Mahbubnagar (Andhra Pradesh).

Subhadra Local Area Bank Ltd., Kolhapur

This is smallest Local Area Bank with only 8 branches. Its head office is in Kolhapur.

Dysfunctional Local Area Banks

Further, a South Gujarat Local Area Bank Ltd was established in 2000 with headquarters at Navsari in Gujarat. This bank failed to maintain CRR and SLR and suffered net losses in consecutive years. Its promoters were found to be involved in scams. Consequently, this bank was merged with Bank of Baroda in 2004. Further, one more local area bank viz. Vinayak Local Area Bank Ltd., Sikar in Rajasthan was established on 21st October 2000. But RBI cancelled its license in 2002 due to major irregularities.

UNIT 4

TRAINING ORGANIZATIONS OF SCHEMES FOR ENTREPRENEURS

Schemes for the Development and Promotion of Women Entrepreneurs

According to the Third All India Census of Small Scale Industries conducted in 2001-02 and subsequent estimates made, only 10.11% of the Micro and Small Enterprises in India are owned by women while 9.46% of the MSE enterprises are managed by women. Currently (2006-07) their estimated number is 12.99 lakh women managed enterprise and 12.15 lakh women managed enterprise.

In order to encourage more and more women enterprises in the MSE sector, several schemes have been formulated by this Ministry and some more are in the process of being finalized, targeted only at the development of women enterprises in India.

Trade Related Entrepreneurship Assistance and Development Scheme for Women (TREAD)

With a view to encourage women in setting up their own ventures, government implements a Scheme, namely, "Trade Related Entrepreneurship Assistance and Development (TREAD) during the 11th Plan. The scheme envisages economic empowerment of women through the development of their entrepreneurial skills in non-farm activities. There are three major components of the scheme;

- J GoI grant up to 30% of the total project cost to the Non-Government Organisations (NGOs) for promoting entrepreneurship among women. The remaining 70% of the project cost is financed by the lending agency as loan for undertaking activities as envisaged in the project.
- J GoI grant upto Rs.1 lakh per programme to training institutions / NGOs for imparting training to the women entrepreneurs, subject to these institutions/NGOs bring their share to the extent

of minimum 25% of GOI grant and 10% in case of NER.

-) Need-based GoI grants upto Rs.5 lakh to National Entrepreneurship Development Institutions and any other institutions of repute for undertaking field surveys, research studies, evaluation studies, designing of training modules etc.

Operationalisation of the Scheme

The scheme envisages that Women Associations/NGOs/SHGs should prepare composite bankable proposals for a group of women entrepreneurs, and submit to the office of the DC (MSME) for forwarding to the Banks for their appraisal. Bank examines the proposal and issues approval. 30% of the loan amount is sanctioned as grant and made available to the bank by office of DC (MSME) for further disbursement to NGOs.

Micro & Small Enterprises Cluster Development Programme (MSE-CDP)

Existing Clusters:

A cluster is defined as a group of enterprises, ideally having 100 members, producing same/similar products/services. While 100 members could be the minimum per cluster, depending on the density of population and other factors, even 200-300 could be a good target group for undertaking Diagnostic Study and the subsequent Soft Interventions in a cluster. However, in difficult and backward regions the target numbers could come down to 50 or less but it should not be too small as a lot of Government expenditure is made per cluster. The Cluster Development Programme (CDP) being implemented envisages diagnostic study of identified clusters of traditional skill-based MSEs to identify appropriate technologies and their providers and to facilitate adoption of available technology meeting the specific needs of the end users. The Cluster Development aims at enhanced competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation etc. The scheme provides assistance for capacity building, common facilities, marketing etc. the delivery, assimilation and diffusion of the identified technology

from its producers to the recipient user/cluster of small enterprises.

Type of interventions

Soft Interventions – Capacity building activities in the cluster where no fixed assets is acquired or formed. Soft interventions, inter alia, include

-) Diagnostic study
-) Forming association-Trust building & Developing Identity
-) Capacity building,
-) Organising workshops, seminars,
-) Training & Exposure visits,
-) Market development,
-) Launch of Website,
-) Common procurement,
-) Common/complementary sales and branding;

In the past depending upon the type of cluster, assistance available for soft interventions has varied in the range of Rs.25 – 35 lakh per cluster. Currently we have an internal ceiling of Rs.10 lakh for soft intervention under this Scheme.

Hard Interventions – Hard interventions, inter alia, include

-) Setting up of Common Facility Centre (CFCs),
-) Mini Tool Room
-) Design Centre,
-) Testing Facilities
-) Training Centre,
-) R&D Centre
-) Common Raw Material Bank/Sales depot, etc.
-) Display/Exhibition Centre

In case of the hard intervention the contribution from the M/o MSME varies between 30-80% of the total project cost, but in the case of clusters owned and managed by women entrepreneurs, contribution of the M/o MSME could be up to 90% of the project cost.

Creation of physical infrastructure:

This Ministry implemented the IID Scheme to provide developed sites with infrastructural facilities like power distribution network, water, telecommunications, drainage and pollution control facilities, roads, exhibition/display centres, raw materials, storage and marketing outlets, common service facilities and technological back-up services, etc. This scheme has been subsumed in the MSME-Cluster Development Programme. All the features of IID Scheme have been retained.

To create physical infrastructure exclusively for women enterprises central grant of 40% of the project cost subject to a maximum of Rs.2 crore is available. The Ministry of MSME is making efforts to enhance the quantum of grant to 80% in a project of Rs.10 crore.

Operationalisation of the Scheme

-) A Cluster Development Executive (CDE) is required for executing and monitoring all soft interventions in a cluster. Normally, a CDE can be a DIC Officer/MSME-DI officer/retired expert or even hired person from Non-Government Sector.
-) The hard interventions in a cluster and creation of physical infrastructure require to set up a users body/special purpose vehicle which could be society/trust/company to be formed by the cluster beneficiaries.

Credit Guarantee Fund Scheme for Micro and Small Enterprises

The Scheme was launched in August 2000 to ensure better flow of credit to micro and small enterprises by minimizing the risk perception of financial institutions and banks in lending without collateral security. Under the scheme, guarantee cover is provided to collateral free credit facility extended by member lending institutions (MLIs) to the new as well as existing micro and small enterprises on loans up to Rs.50 lakh. The guarantee cover available is up to 75% of the loans extended. The extent of guarantee cover is

80% for (i) micro enterprises for loans up to Rs.5 lakh; (ii) MSEs operated and/or owned by women; and (iii) all loans in the North-East Region. The lending institutions availing guarantee from the Trust have to pay one time guarantee fee of 1.5% and service charges of 0.75% per annum of the credit facility sanctioned. For loans up to Rs.5 lakh, the one time guarantee fee is 1% and service charges are 0.5% per annum of the credit facility sanctioned.

Support for Entrepreneurial and Managerial Development

MSME DIs regularly conduct EDPs/MDPs for existing and prospective entrepreneurs and charge nominal fee for such courses. To encourage more entrepreneurs from among the SC/ST, women and physically challenged groups, it is proposed that such beneficiaries will not be charged any fees but, instead paid a stipend of Rs.500/- per capita per month, under Promotional Package Programmes. 50,000 entrepreneurs will be trained in IT, Fashion Technology, Catering, Agro & Food Processing, Pharmaceutical, biotechnology etc. through specialized courses run by MSME DIs. 20% of courses conducted by these Institutions shall be exclusively for women.

Exhibitions for Women under Promotional Package for Micro & Small Enterprises Approved By Ccea under Marketing Support

DC (MSME) has formulated a scheme for women entrepreneurs to encourage Small & Micro manufacturing units owned by women and register in DI/DIC in their efforts at tapping and developing overseas markets, to increase participation of representatives of small/micro manufacturing enterprises under MSME stall at International Trade Fairs/Exhibitions, to enhance export from such units. Under this scheme, participation of women entrepreneurs in 25 international exhibitions is envisaged during the 11th Plan (2007-2012).

With a view to encourage women entrepreneurs to participate in the International Exhibitions under MDA scheme it has been decided to:

-) Provide rent free space (6/9 Sq Mts) in the exhibitions
-) Reimburse 100% economy class air fare for one representative
the overall ceiling shall however be Rs. 1.25 lac.

Office of DC (MSME) is participating in the following International Exhibitions / Fairs during August 2008 to March 2009.

Name of Fair	Date & Duration	Name of specific Product	Tentative space rent per Sq. M.
SAARC Fair, Colombo, Sri Lanka	August 28-31, 2008	Multi Product	Rs. 5,000/- + 12.36% Service Tax
Japan DIY Home Centre Show, Chiba, Tokyo	August 28-30 2008	Auto Parts and Hand Tools	Rs. 17,800/- + 12.36% Service Tax
Budapest International Trade Fair, Budapest, Hungary	September 10-14, 2008	Multi Product	Rs. 8,000/- + 12.36% Service Tax
5th China Small & Medium Enterprises Fair, Guangzhou, China	September 22-25, 2008	Multi Product	Rs. 4000/- One booking (3 X 3 M) will be allotted for each unit.
AF'L Artigianoin Fiera,- International Craft Selling Fair, Milan, Italy	November 29 – December 8, 2008	Handicraft giftware and related products.	Rs. 21,000/- + 12.36% Service Tax
Cairo International Fair, Egypt	March 15-25, 2009	Multi Product	Rs. 7,000/- + 12.36% Service Tax

In case any further information or details of these schemes is required, you are welcome to get in touch with the MSME-DI in your state or to Shri P. Lal, DD (MA) (Tel. 011-23062992 / E-mail : adatta@nic.in).

Note: 100% subsidy on space rent & air fare is also available to SC/ST Entrepreneurs and Entrepreneurs of NE region (50% space rent & 75% air fare to General category of entrepreneurs).

Unemployed Youth Employment Generation Programme (UYEGP):

The Micro, Small and Medium Enterprises Department, Government of Tamil Nadu introduced the scheme “Unemployed Youth Employment Generation Programme (UYEGP)” which aims to mitigate the unemployment problems of socially and economically weaker section of the society, particularly among the educated and unemployed to become self employed by setting up Manufacturing / Service / Business enterprises by availing loan up to the maximum of Rs.5 Lakhs, Rs. 3 Lakhs and Rs. 1 Lakh respectively with subsidy assistance from the State Government up to 15% of the project cost from the year 2010-11 onwards.

The Unemployed Youth Employment Generation Programme (UYEGP) which is being implemented since 2011 aims to mitigate the unemployment of the educated youth in socially and economically weaker sections of the society by way of self-employment through the setting up of micro enterprises in the manufacturing, services and business sectors. Under this scheme, the maximum financial assistance available for manufacturing / Services / Business activities are Rs.5 Lakhs, Rs.3 Lakhs and Rs.1 Lakhs respectively, including 15% subsidy of the Government on the Project Cost. The promoter's contribution is 10% and 5% of the project cost in respect of the General category and the Special category respectively. Any individual above 18 years and with a minimum educational qualification of having passed the VIII standard is eligible to benefit under the scheme. The upper age limit

for the General Category is 35 years and upper age limit is 45 years for the Special Category comprising SC / ST / BC / MBC / Minorities / Women / Exservicemen / Differently abled individuals / Transgenders.

In 2011-12, an amount of Rs.15.00 Crores was allocated towards subsidy. Under the Scheme, 14,382 applications were forwarded to the banks with a subsidy component to the tune of Rs.45.65 Crores. Sanctions of loans have been made by financial Institutions for 5,241 beneficiaries with a subsidy component of Rs.14.76 Crores in Tamilnadu.

Eligibility Criteria:

Any individual who possesses a minimum qualification of 8th std., pass any individual above 18 years of age with the upper age limit as 35 years. Applicants belonging to SC,ST,MBC,BC, Minorities, Ex-serviceman, Differently abled persons, Women and transgender are classified as Special Category and can be upto 45 years of age.

The family income of the beneficiary along with the spouse shall not exceed Rs.1,50,000/- per annum, as declared by the applicant duly certified by the Notary Public / Oath Commissioner.

Activities covered:

All economically viable manufacturing, service and business activities excluding direct agricultural operations like raising crop etc.,

Maximum Project Cost:

Rs.5.00 Lakhs for manufacturing sector, Rs.3.00 Lakhs for service sector and Rs.1.00 Lakh for business sector.

Promoter's Contribution:

10% for General Category as owner's contribution. 5% of special category (viz. Scheduled Caste / Scheduled Tribes / Backward Classes / Most Backward Classes / Minorities / Women / Ex-servicemen / Physically challenged / Transgender) as owners' contribution.

Subsidy: Subsidy at rate of 15% of the Project cost will be sanctioned to the beneficiaries.

Training: 7 days training in Entrepreneur Development Programme to be conducted by Entrepreneur Development Institute (EDI) of Government of Tamil Nadu is mandatory. However, the training shall be completed within 12 months from the date of selection by the District Task Force Committees (DTFCs).

Financial Institutions: All Nationalized Banks, Private Sector Banks and Tamil Nadu Industrial Co-operative Bank.

Collateral: No collateral is required.

Rate of interest: Normal Bank rate of interest.

Repayment period: Repayment Schedule shall be for 5 years after an initial moratorium period of 6 months of date of commencement of project whichever is earlier.

Prime Minister's Employment Generation Programme (PMEGP)

The Scheme

Government of India has approved the introduction of a new credit linked subsidy programme called Prime Minister's Employment Generation Programme (PMEGP) by merging the two schemes that were in operation till 31.03.2008 namely Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) for generation of employment opportunities through establishment of micro enterprises in rural as well as urban areas. PMEGP will be a central sector scheme to be administered by the Ministry of Micro, Small and Medium Enterprises (MoMSME). The Scheme will be implemented by Khadi and Village Industries Commission (KVIC), a statutory organization under the administrative control of the Ministry of MSME as the single nodal agency at the National level. At the State level, the Scheme will be implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks. The Government subsidy under the Scheme will be routed by KVIC through the

identified Banks for eventual distribution to the beneficiaries / entrepreneurs in their Bank accounts. The Implementing Agencies, namely KVIC, KVIBs and DICs will associate reputed Non Government Organization (NGOs)/reputed autonomous institutions/Self Help Groups (SHGs)/ National Small Industries Corporation (NSIC) / Udyami Mitras empanelled under Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Panchayati Raj institutions and other relevant bodies in the implementation of the Scheme, especially in the area of identification of beneficiaries, of area specific viable projects, and providing training in entrepreneurship development.

Objectives

1. To generate employment opportunities in rural as well as urban areas of the country through setting up of new self-employment ventures/projects/micro enterprises.
2. To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment opportunities to the extent possible, at their place.
3. To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas.
4. To increase the wage earning capacity of artisans and contribute to increase in the growth rate of rural and urban employment.

Quantum and Nature of Financial Assistance

Levels of funding under PMEGP

Categories of beneficiaries under PMEGP		Beneficiary's contribution (of project cost)	Rate of Subsidy (of project cost)	
Area (location of project/unit)			Urban	Rural
General Category		10%	15%	25%
Special (including SC / ST /		05%	25%	35%
OBC /Minorities/Women, Ex-				
servicemen,	Physically			
handicapped, NER,	Hill and			
Border areas etc.				

Note: (1) The maximum cost of the project/unit admissible under manufacturing sector is Rs. 25 lakh.

(2) The maximum cost of the project/unit admissible under business/service sector is Rs. 10 lakh. The balance amount of the total project cost will be provided by Banks as term loan

Eligibility Conditions of Beneficiaries

-) Any individual, above 18 years of age
-) There will be no income ceiling for assistance for setting up projects under PMEGP.
-) For setting up of project costing above Rs.10 lakh in the manufacturing sector and above Rs. 5 lakh in the business /service sector, the beneficiaries should possess at least VIII standard pass educational qualification.
-) Assistance under the Scheme is available only for new projects sanctioned specifically under the PMEGP.
-) Self Help Groups (including those belonging to BPL provided that they have not availed benefits under any other Scheme) are also eligible for assistance under PMEGP.

-) Institutions registered under Societies Registration Act, 1860;
-) Production Co-operative Societies, and Charitable Trusts.
-) Existing Units (under PMRY, REGP or any other scheme of Government of India or State Government) and the units that have already availed Government Subsidy under any other scheme of Government of India or State Government are not eligible.

Other eligibility conditions

-) A certified copy of the caste/community certificate or relevant document issued by the competent authority in the case of other special categories, is required to be produced
-) by the beneficiary to the concerned branch of the Banks along with the Margin Money (subsidy) Claim.
-) A certified copy of the bye-laws of the institutions is required to be appended to the Margin Money (subsidy) Claim, wherever necessary.
-) Project cost will include Capital Expenditure and one cycle of Working Capital. Projects without Capital Expenditure are not eligible for financing under the Scheme. Projects costing more than Rs.5 lakh, which do not require working capital, need clearance from the Regional Office or Controller of the Bank's Branch and the claims are required to be submitted with such certified copy of approval from Regional Office or Controller, as the case may be.
-) Cost of the land should not be included in the Project cost. Cost of the ready built as well as long lease or rental Work-
-) shed/Workshop can be included in the project cost subject to restricting such cost of ready built as well as long lease or rental workshed/workshop to be included in the project cost calculated for a maximum period of 3 years only.

-) PMEGP is applicable to all new viable micro enterprises, including Village Industries projects except activities indicated in the negative list of Village Industries. Existing/old units are not eligible (Para 29 of the guidelines refers).

Note:

-) The Institutions/Production Co-operative Societies/Trusts specifically registered as such and SC/ ST/ OBC/ Women/ Physically Handicapped / Ex-Servicemen and Minority Institutions with necessary provisions in the bye-laws to that effect are eligible for Margin Money (subsidy) for the special categories. However, for Institutions /Production Cooperative Societies/Trusts not registered as belonging to special categories, will be eligible for Margin Money (Subsidy) for general category.
-) Only one person from one family is eligible for obtaining financial assistance for setting up of projects under PMEGP. The 'family' includes self and spouse.

Implementing Agencies

The Scheme will be implemented by Khadi and Village Industries Commission (KVIC), Mumbai, a statutory body created by the Khadi and Village Industries Commission Act, 1956, which will be the single nodal agency at the national level. At the State level, the scheme will be implemented through State Directorates of KVIC, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres in rural areas. In urban areas, the Scheme will be implemented by the State District Industries Centres (DICs) only. KVIC will coordinate with State KVIBs/State DICs and monitor performance in rural and urban areas. KVIC and DICs will also involve NSIC, Udyami Mitras empanelled under Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Panchayati Raj Institutions and other NGOs of repute in identification of beneficiaries under PMEGP.

Other Agencies

The details of other agencies to be associated by nodal agencies in the implementation of PMEGP are as under:

-) Field Offices of KVIC and its State offices
-) State KVI Boards
-) District Industries Centre (DIC) of all State Governments/Union Territories Administrations reporting to respective Commissioners /Secretaries (Industries).
-) Banks/Financial Institutions.
-) KVI Federation
-) Department of Women and Child Development (DWCD), Nehru Yuva Kendra Sangathan (NYKS), The Army Wives Welfare Association of India (AWWA) and Panchayati Raj Institutions
-) NGOs having at least five years experience and expertise in Project Consultancy in Small Agro & Rural Industrial Promotion and Technical Consultancy Services, Rural Development, Social Welfare having requisite infrastructure and manpower and capable of reaching Village and Taluk level in the State or Districts. NGOs should have been funded by State or National Level Government Agency for any of its programmes in the preceding 3 years period.
-) Professional Institutions/Technical Colleges recognized by Government/University and University Grants Commission (UGC)/ All India Council for Technical Education (AICTE) having department for vocational guidance or technical courses providing skill based training like ITI, Rural Polytechnic, Food Processing Training Institute, etc.
-) Certified KVI institutions aided by KVIC / KVIB provided these are in category A+, A or B and are having required infrastructure, manpower and expertise for the role.
-) Departmental and Non-Departmental Training Centres of KVIC / KVIBs.

-) Micro, Small and Medium Enterprises Development Institutes (MSME-DIs), MSME Tool Rooms and Technical Development Centres, under the administrative control of Office of Development Commissioner, MSME.
-) National Small Industries Corporation's (NSIC) offices, Technical Centres, Training Centres, Incubators and Training cum Incubation Centres (TICs) set up in PPP Mode.
-) National level Entrepreneurship Development Institutes like National Institute for Entrepreneurship and Small Business Development (NIESBUD), National Institute for Micro, Small and Medium Enterprises (NIMSME) and Indian Institute of Entrepreneurship (IIE), Guwahati under the administrative control of Ministry of MSME, their branches and the Entrepreneurship Development Centres (EDCs) set up by their Partner Institutions (PIs).
-) Udyami Mitras empanelled under Rajiv Gandhi Udhya Mitra Yojana of Ministry of MSME.
-) PMEGP Federation, whenever formed.

Financial Institutions

-) 27 Public Sector Banks.
-) All Regional Rural Banks.
-) Co-operative Banks approved by State Level Task Force Committee headed by Principal Secretary (Industries)/Commissioner (Industries)
-) Private Sector Scheduled Commercial Banks approved by State Level Task Force Committee headed by Principal Secretary (Industries)/Commissioner (Industries).
-) Small Industries Development Bank of India (SIDBI).

Identification of beneficiaries:

The identification of beneficiaries will be done at the district level by a Task Force consisting of representatives from KVIC/State KVIB and State DICs and Banks. The Task force would be headed by the District Magistrate / Deputy Commissioner /

Collector concerned. The Bankers should be involved right from the beginning to ensure that bunching of applications is avoided. However, the applicants, who have already undergone training of at least 2 weeks under Entrepreneurship Development Programme (EDP) / Skill Development Programme (SDP) / Entrepreneurship cum Skill Development Programme (ESDP) or Vocational Training (VT) will be allowed to submit applications directly to Banks. However, the Banks will refer the application to the Task Force for its consideration. Exaggeration in the cost of the project with a view only to availing higher amount of subsidy should not be allowed. KVIC will devise a score card in consultation with SBI and RBI, and forward it to the District Level Task Force and other State/District functionaries. This score board will form the basis for the selection of beneficiaries. This score card will also be displayed on the websites of KVIC and Ministry. The selection process should be through a transparent, objective and fair process and Panchayati Raj Institutions should be involved in the process of selection (Para 11 (i)(b) of the guidelines refers).

Bank Finance

The Bank will sanction 90% of the project cost in case of General Category of beneficiary/institution and 95% in case of special category of the beneficiary/institution, and disburse full amount suitably for setting up of the project.

Bank will finance Capital Expenditure in the form of Term Loan and Working Capital in the form of cash credit. Project can also be financed by the Bank in the form of Composite Loan consisting of Capital Expenditure and Working Capital. The amount of Bank Credit will be ranging between 60-75% of the total project cost after deducting 15-35% of margin money (subsidy) and owner's contribution of 10% from beneficiaries belonging to general category and 5% from beneficiaries belonging to special categories. This scheme will thus require enhanced allocations and sanction of loans from participating banks. This is expected to be achieved as Reserve Bank of India (RBI) has already issued guidelines to the

Public Sector Banks to ensure 20 % year to year growth in credit to MSME Sector. SIDBI is also strengthening its credit operations to micro enterprises so as to cover 50 lakh additional beneficiaries over five years beginning 2006-07, and is recognized as a participating financial institution under PMEGP besides other scheduled/Commercial Banks.

Though Banks will claim Margin Money (subsidy) on the basis of projections of Capital Expenditure in the project report and sanction thereof, Margin Money (subsidy) on the actual availment of Capital Expenditure only will be retained and excess, if any, will be refunded to KVIC, immediately after the project is ready for commencement of production.

Working Capital component should be utilized in such a way that at one point of stage it touches 100% limit of Cash Credit within three years of lock in period of Margin Money and not less than 75% utilization of the sanctioned limit. If it does not touch aforesaid limit, proportionate amount of the Margin Money (subsidy) is to be recovered by the Bank/Financial Institution and refunded to the KVIC at the end of the third year.

Pmry (Prime Minister's Rozgar Yojana)

PMRY is being implemented since 1993. The Scheme is designed to create and provide sustainable self-employment opportunities to one million educated unemployed youth in the country during the 8th Plan period. During the last 5 years of its implementation, it was felt that certain parameters of the PMRY Scheme needed modification. For example condition of eligibility such as age, educational qualifications were coming in the way of expanding the coverage of the scheme in some cases. Similarly the total financial assistance per case was found to be insufficient in case of certain viable activities.

Modifications

Government, therefore, has decided to modify some of these parameters of the Scheme. The upper age limit has been relaxed beyond 35 years by 10 years for SCs/STs and women and the educational qualifications for eligibility under the Scheme has been relaxed from matric (passed or failed) to VIIIth passed. Similarly, the upper limit of project cost has been increased from Rs. 1 lakh to Rs. 2 lakhs (Rs. 1 lakh for business sector and Rs. 2 lakhs for other activities). The PMRY scheme would now cover all economically viable activities including agriculture and allied activities but excluding direct agricultural operations like raising crop, purchase of manure etc.

The details of the changes made in the parameters of the PMRY Scheme are given below.

The modified financial parameter of increase in the upper limit of the project cost from Rs. 1 lakh to Rs. 2 lakhs has been effective from 1.4.1999.

Relaxation of norms for North Eastern Region

The PMRY would be expanded in scope to cover areas of horticulture, piggery, poultry, fishing, small tea gardens, etc. so as to cover all economically viable activities. PMRY would have a family income ceiling of Rs. 40,000 per annum for each beneficiary along with his/her spouse and upper age limit will be relaxed to 40 years. Project costing upto Rs. 2 lakhs in other than business sectors will be eligible for assistance. No collateral will be insisted for projects costing upto Rs. 1 lakh. Group financing upto Rs. 5 lakhs will be eligible. Scheme will have a subsidy component @ 15% with an upper ceiling of Rs. 15,000/-. The margin money may vary from 5% to 12.5% of the project cost to make the subsidy and margin contribution at 20% of the project cost.

Salient features of PMRY Scheme:

-) This is a centrally sponsored scheme
-) The Development Commissioner (Small-Scale Industries) under Ministry of Small Scale, Rural and Agro, Industries Government of India is the apex body for this scheme.
-) The respective Commissioner/Director of Industries implements the scheme at the State level except the four metropolitan cities, with an overall monitoring by the concerned Secretaries of Industries.
-) The implementation agencies at the grass root level are District Industries Centre (DIC) who would be instrumental for the grounding of the units.
-) Small Industries Service Institute(SISI) located in the four Metropolitan cities of Delhi, Kolkata, Mumbai and Chennai are the implementing agencies of this scheme.
-) The DCSSI has setup a special PMRY division in the headquarters under the able guidance of an IAS officer. DCSSI formulates the rules, regulations and guideline instructions and provides clarifications on all the matters pertaining to PMRY scheme. It has also devised a complete feedback information by the means of getting monthly, quarterly and annual progress reports from all the states to closely monitor the implementation and progress of the scheme.
-) Similarly at the state level, State Level PMRY Committee meetings monitors the progress of the scheme every quarter.
-) The yearly targets for number of beneficiaries for each state is fixed by DCSSI.

KVIC (Khadi & Village Industries Commission)

Objectives of KVIC

The broad objectives that the KVIC has set before it are...

-) The social objective of providing employment.
-) The economic objective of producing saleable articles.

-) The wider objective of creating self-reliance amongst the poor and building up of a strong rural community spirit.

Functions of KVIC

Some of the major functions of KVIC are ...

-) The KVIC is charged with the planning, promotion, organisation and implementation of programs for the development of Khadi and other village industries in the rural areas in coordination with other agencies engaged in rural development wherever necessary.
-) Its functions also comprise building up of a reserve of raw materials and implements for supply to producers, creation of common service facilities for processing of raw materials as semi-finished goods and provisions of facilities for marketing of KVI products apart from organisation of training of artisans engaged in these industries and encouragement of co-operative efforts amongst them. To promote the sale and marketing of khadi and/or products of village industries or handicrafts, the KVIC may forge linkages with established marketing agencies wherever feasible and necessary.
-) The KVIC is also charged with the responsibility of encouraging and promoting research in the production techniques and equipment employed in the Khadi and Village Industries sector and providing facilities for the study of the problems relating to it, including the use of non-conventional energy and electric power with a view to increasing productivity, eliminating drudgery and otherwise enhancing their competitive capacity and arranging for dissemination of salient results obtained from such research.
-) Further, the KVIC is entrusted with the task of providing financial assistance to institutions and individuals for development and operation of Khadi and village industries and guiding them through supply of designs, prototypes and other technical information.

-) In implementing KVI activities, the KVIC may take such steps as to ensure genuineness of the products and to set standards of quality and ensure that the products of Khadi and village industries do conform to the standards.
-) The KVIC may also undertake directly or through other agencies studies concerning the problems of Khadi and/or village industries besides research or establishing pilot projects for the development of Khadi and village industries.
-) The KVIC is authorized to establish and maintain separate organisations for the purpose of carrying out any or all of the above matters besides carrying out any other matters incidental to its activities.

Schemes under KVIC

KVIC schemes

-) PMEGP
-) SFURTI (Scheme of Fund for Regeneration of Traditional Industries)
-) RISC (Rural Industry Service Centre Scheme)
-) Export incentive scheme
-) interest subsidy scheme

Khadi Schemes

-) Market development assistance (MDA)
-) khadi karigar janashree bima yojana
-) interest subsidy eligibility certificate (ISEC)
-) strengthening of infrastructure of existing weak khadi institutions and assistance for marketing infrastructure
-) scheme for enhancing productivity & competitiveness of khadi industry & artisans
-) workshed scheme for khadi artisans

Schemes under science and Technology

-) Mahatma Gandhi Institute for Rural Industrailization (MGIRI)
-) R&D activities under KVIC-Technical Interfaces

└ Schemes under Science & Technology (Standing Order No: 1739 dtd. 29.6.2015)

└ S&T formats for agreement

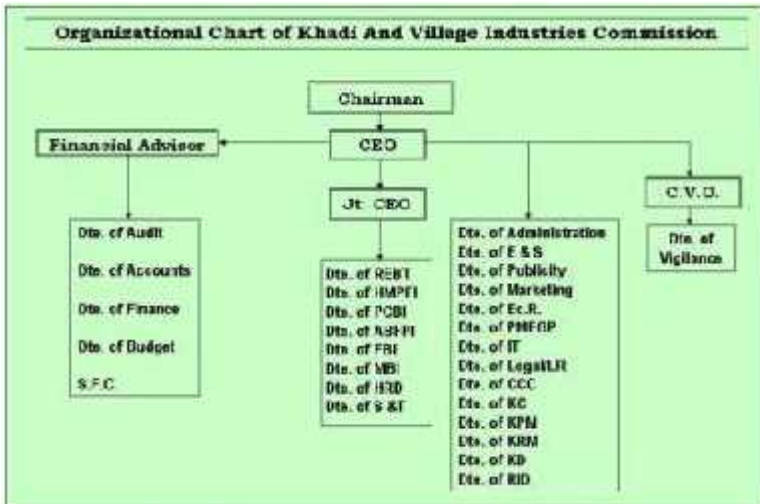
Sales of Khadi and Village Industry Products

The products produced by the institutions are either sold by them directly, through retailers, wholesalers, or indirectly, through "Khadi Bhandars" (Khadi sales outlets owned by the government). In total, there are 15431 sales outlets, out of which 7,050 are owned by the commission. These are spread all over India. The products are also sold internationally through exhibitions arranged by the commission.

Stages of Programme Implementation By KVIC

- └ Identification of the cluster.
- └ Selection of a Cluster Development Agency.
- └ Technical feasibility by and expert or an agency.
- └ Project formulation.
- └ Approval of the project and release of funds.
- └ Monitoring and Evaluation.

Organizational Structure of KVIC



KVIB (Khadi & Village Industries Board)

Tamilnadu has tremendous employment opportunities in rural Industries. To tap this potential and to provide employment opportunities in rural areas, the Tamilnadu Khadi and Village Industries Board was formed in April 1960 under the Tamilnadu Khadi and Village Industries Board Act, 1959.

Objectives of KVIB

-) To provide employment to the downtrodden and increase employment opportunities.
-) To produce marketable articles by using local resources.
-) To improve the economic conditions of the rural poor by creating self-reliance amongst the people.
-) The Board is pursuing the above objective by implementing schemes formulated by Khadi and Village Industries Commission and Government of Tamilnadu.

Activities of KVIB

The activities of the Board are related to the production and marketing of Khadi and Village Industries products such as Khadi Cotton, Polyvastra, Silk, furniture, leather, soap etc. The Board promotes and monitors the Village Industries Co-Operatives and implements the scheme of the Government of India such as Prime Minister's Employment Generation Programme.

The Board has been running the Khadi and Village Industries Departmental units. These units provide employment to rural artisans and women.

Marketing Development Assistance

In order to sell the Khadi and Village Industries products 106 Khadi Kraft outlets are functioning under the control of the Board.

Special emphasis is given to popularise the Khadi and Village Industries products by conducting Exhibition and special campaigns in rural areas.

Khadi and Village Industries Commission has introduced Marketing Development Assistance (MDA) scheme from the year 2010-11 as against the rebate on sale of Khadi. In this scheme, 20% financial assistance on production of Khadi is being allowed to Khadi institutions by Khadi and Village Industries Commission Out of which 2% will be given as incentive to Spinners / Weavers.

From 2012-2013, the State Government has also allowed 20% financial assistance on production of Khadi throughout the year as was allowed by Khadi and Village Industries Commission. Out of which 5% will be directly given as incentive / bonus to Spinners / Weavers in Khadi Industry and Weavers / reelers / dyers in Silk Industry and balance 15% will be utilized for giving discount to customers to increase the Khadi sales. Hence, the sales discount of 30% is being allowed to consumers for Khadi Cotton, Polyvastra and silk varieties along with the 15% financial assistance given by Khadi and Village Industries Commission.

Welfare Schemes For Scheduled Castes/Scheduled

Tribes : -

Under the Special Component Plan, the Board has implemented various schemes, like foot-wear making, cane and bamboo articles making, carpentry and black-smithy works to provide employment to the artisans belonging to Scheduled Castes. So far, 37,317 persons belonging to Scheduled Castes have been benefited.

The Bee-Keeping Industry has benefited the Tribal families. Through Integrated Development Programme, the Board has so far assisted 8397 beneficiaries belonging to Scheduled Tribes.

Name of the scheme	Area in which the scheme is to be implemented	Officer to whom to be contacted	Beneficiaries	Mode of Assistance
1.	2.	3.	4.	5.
Margin Money Scheme	All the Districts	Assistant Director of Khadi and Village Industries in each District, Regional Deputy Director of Khadi and Village Industries, Vellore, Trichirappalli, Madurai and Tiruppur.	The investment ceiling to setup Village industries by individuals/ firms/ Trusts/ Limited Companies under REGP scheme is Rs.25.00 lakhs	For Projects above Rs.10.00 lakhs and Rs.25.00 lakhs margin money will be payable @25% of Rs.10.00 lakhs + 10% of Rs.15 lakhs the remaining cost of the projects. However in case of weaker section and women beneficiaries and for hill border /Tribal areas/North east region, A&N Islands, lakshadeep the rate of margin money will continue to be 30% upto 10 lakhs and beyond that 10% of the project cost upto Rs.25.00 lakhs.

Name of the Scheme	Location and person to be contacted	Mode of Assistance
<p><u>Khadi Spinning and Weaving</u> There are 210 Rural Textile Centres and 80 Sub-Centres exclusively for this scheme spread all over TamilNadu.</p>	All interested Artisans who need employment at their door steps can contact	The Board is supplying Cotton and Charkha to the Spinners and get back yarn by paying wages. Similarly, the Board is supplying yarn to the weavers and get back cloth by paying wages.
<p><u>Silk Weaving</u> There are 33 Silk Sub-Centres spread all over TamilNadu.</p>	Assistant Director, Khadi and Village Industries in the Districts concerned and Regional Deputy Director of Khadi and Village Industries, Tiruppur, Vellore, Trichy and Madurai.	
<p><u>Marketing</u> There are 192 Khadi Krafts and 10 Grama Shilphas spread over TamilNadu for Marketing the Khadi and Village Industries Products.</p>		The Board is supplying Silk Yarn and Zari to the weavers and get back the finished silk varieties by paying wages.
<p><u>Integrated Tribal Development Programme</u></p>	All interested Artisans who need employment at their door steps can contact the Assistant Director (Silk), Kumbakonam, Kancheepuram, Salem and Joint Director (Silk), Kumbakonam.	
<p><u>Western Ghats Development Programme</u> Rebate Special Rebate for Khadi, Silk, Polyester and Woollen varieties as notified from time to time.</p>	All the Village Industries Artisans who are engaged in	The Honey collected from Bee-Keepers, pottery fancy articles, dolls, Handicrafts, Carpentry and Blacksmithy articles produced by Village Industries Artisans marketed through Khadi Krafts and

	<p>the Village Industries can contact the Assistant Director of Khadi and Village Industries in the Districts concerned.</p> <p>Assistant Directors of Khadi and Village Industries, Salem. Tiruvannamalai, Karur, and Dharmapuri</p> <p>Assistant Director of Khadi and Village Industries, Nagercoil, Erode, Dindigul, Coimbatore, Madurai, Virudhunagar and Tirunelveli.</p> <p>All Khadi Krafts and Grama Shilphas spread all over TamilNadu.</p>	<p>Grama Shilphas.</p> <p>Providing Bee-hives and other accessories to the Bee-keepers.</p> <p>Providing Bee-hives and other accesseries to the Bee-keepers.</p>
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Rajiv Gandhi Udyami Mitra Yojana (RGUMY)

Government of India, Ministry of Micro, Small and Medium Enterprises Department has formulated a scheme, viz., "Rajiv Gandhi Udyami Mitra Yojana" to provide hand holding support and assistance to the potential first generation entrepreneurs for setting up and running of the enterprises. Among others, the Entrepreneur Development Institute (EDI), Chennai has been empanelled by the Government of India under Category-II training institute. Moreover, 26 Udyami Mitras have been empanelled by Government of India entrepreneurs (Udayamis).

Single Window Clearance

Considering the importance of Micro, Small and Medium Enterprises sector, the State Government pursues a proactive and hassle free policy. To encourage the entrepreneurs to establish enterprises under MSME Sector and to expedite the process of getting approval from various departments / agencies like Tamil Nadu Pollution Control Board, Tamil Nadu Generation and Distribution Corporation Limited, Fire Services, Public Health Department and Local Bodies, at a single point, Single Window Agency has been constituted. The District Industries Centres (DIC) in each district serves as a Single Window Agency providing entry level essential services to eligible MSMEs. As on 31.3.2011, out of 1146 received applications, 1029 applications have been disposed (89.79 per cent), of favorably.

Micro and Small Enterprises Facilitation Councils

Government have constituted four Regional Micro and Small Enterprises Facilitation Councils at Chennai, Tiruchy, Madurai and Coimbatore to facilitate speedy settlement of the arrears of sale proceeds due from the major industrial undertakings to the micro and small enterprises, for the goods supplied, in accordance with the Micro, Small and Medium Enterprises Development Act 2006. During the financial year 2010-11, 31 MSEFC sittings were conducted and 100 cases were settled. Rs.254.46 lakhs have been realized to the micro and small enterprises as on 31.03.2011.

UNIT 5

INCENTIVES AND CONCESSIONS TO ENTREPRENEURS

Incentives to Industries (SSI)

An incentive is a motivational factor which induces a person to work hard or to do his work more efficiently. Many incentives are provided both by the Central and State Governments to promote the growth of small-scale industries and also to protect them from the onslaught of the large-scale sector. Among the various incentives given to small-scale industries the following deserve special mention:

Reservation

To protect the small-scale industries from the competition posed by large-scale industries, the Government has reserved the production of certain items exclusively for the small-scale sector. The number of items exclusively reserved for the small-scale sector has been considerably increased during the Five Year Plan Periods and now stands at 822. However, prior to the 1997 – 98 Budget the number of items reserved for the small-scale sector stood at 836. The Finance Minister de-reserved 14 items in the 1997 – 98 Budget.

Preference in Government purchases

The Government as well as Government organisations shows preference in procuring their requirements from the small-scale sector. For instance, the Director General of Supplies and Disposals purchases 400 items exclusively from the small-scale sector. The National Small-Scale Industries Corporation assists the SSI units in obtaining a greater share of Government and defence purchases.

Price preference

The SSI units are given price preference up to a maximum of 15 per cent in respect of certain items purchased both from small-scale and large-scale units.

Supply of raw materials

In order to ensure regular supply of raw materials, imported components and equipment's, the Government gives priority allocation to the small-scale sector as compared to the large-scale sector. Further, the Government has liberalised the import policy and streamlined the distribution of scarce raw materials.

Excise duty

In respect of SSI units excise duty concessions are granted to both registered and unregistered units on a graded scale depending upon their production value. Full exemption is granted up to a production value of Rs.30 lakhs in a year and 75 % of normal duty is levied for production value exceeding Rs.30 lakhs but not exceeding Rs.75 lakhs. If the production value exceeds Rs.75 lakhs, normal rate of duty will be levied.

RBI's credit guarantee scheme

In 1960, the RBI introduced a Credit Guarantee Scheme for small-scale industries. As per the Scheme, the RBI takes upon itself the role of a guarantee organization for the advances which are left unpaid, including interest overdue and recoverable charges. This scheme covers not only working capital but also advances provided for the creation of fixed capital.

Financial assistance

Small-scale industries are brought under the priority sector. As a result, financial assistance is provided to SSI units at concessional terms by commercial banks and other financial institutions. With a view to providing more financial assistance to the small-scale sector, several schemes have been introduced in the recent past the Small Industries Development Fund (SIDF) in 1986, National Equity Fund (NEF) in 1987 and the Single Window Scheme (SWS) in 1988. SIDF provides refinance assistance to small-scale and cottage and village industries and the tiny sector in rural areas. NEF provides equity type support to small entrepreneurs for setting up new projects in the tiny/small-scale sector. In 1996,

the small-scale sector received 42.3 per cent of the total priority sector advances from public sector banks.

Technical consultancy services

The Small Industries Development Organisation, through its network of service and branch institutes, provides technical consultancy services to SSI units. In order to provide the necessary technical input to rural industries, a Council for Advancement of Rural Technology was set up in October, 1982. The Technical Consultancy Organisation renders consultancy services to SSI units at a subsidised rate. Many financial institutions are also providing subsidies to SSI units for availing of consultancy services. For instance, small entrepreneurs proposing to set up rural, cottage, tiny or small-scale units, can get consultancy services at a low cost from the Technical Consultancy Organisations approved by the All-India and State-level financial institutions.

They have to pay only 20% of the fees charged by a technical consultancy organization. The entire balance of 80% or Rs.5, 000 whichever is lower is subsidized by the Industrial Finance Corporation of India.

Machinery on hire purchase basis

The National Small Industries Corporation (NSIC) arranges supply of machinery on hire purchase basis to SSI units, including ancillaries located in backward areas which qualify for investment subsidy. The rate of interest charged in respect of technically qualified persons and entrepreneurs coming from backward areas are less than the amount charged to others. The earnest money payable by technically qualified persons and entrepreneurs from backward areas is 10% as against 15% in other cases.

Transport subsidy

The Transport Subsidy Scheme, 1971 envisages grant of a transport subsidy to small-scale units in selected areas to the extent of 75 % of the transport cost of raw materials which are brought into and finished goods which are taken out of the selected areas.

Training facilities

The Entrepreneurship Development Institute of India, financial institutions, commercial banks, technical consultancy organizations, and NSIC provide training to existing and potential entrepreneurs.

Marketing assistance

The National Small Industries Corporation (NSIC), the Small Industries Development Organization (SIDO) and the various Export Promotion Councils help SSI units in marketing their products in the domestic as well as foreign markets. The SIDO conducts training programmes on export marketing and organises meetings and seminars on export promotion.

District Industries Centres (DICs)

The 1977 Industrial Policy Statement introduced the concept of DICs. Accordingly a DIC is set up in each district. The DIC provides and arranges a package of assistance and facilities for credit guidance, supply of raw materials, marketing etc.,

Incentives Available for Encouraging Entrepreneurship under Different Schemes of Govt. of India

-) Agricultural and Processed Food Products Export Development Authority (APEDA) mission is to develop agricultural commodities and processed food to promote exports. APEDA provides financial support for packaging development, export promotion and market development etc.
-) Ministry of Food Processing Industries (MoFPI) covers setting up technology upgradation, modernization of food processing industries in fruits & vegetables, pulses etc. The scheme provides 25% of the cost of plant & machinery and technical civil works subject to a maximum of Rs.50 lakhs in general areas and 33% up to Rs.75 lakhs in difficult areas like NER.
-) National Horticulture Board (NHB) provides financial support for land development, cultivation expenses, poly house or shade nets, farm tools etc.

-) Ambedkar Hastshilp Vikas Yojana (AHVY) wherein the main thrust is on a projectised, need based approach for integrated development of potential handicrafts clusters with participation of the craft persons at all stages for implementation of the scheme. AHVY extends financial support for development & supply of improved modern tools, design & technical development workshops, training, organising seminar & exhibitions etc.
-) Market Access Initiative (MAI) scheme is an Export Promotion Scheme formulated on focus product- focus country approach to evolve specific strategy for specific market and specific product through market studies/ survey. MAI provides financial support for opening showroom & warehouses, display in international departmental stores, publicity campaign and branch promotion etc.
-) Tea Board extends support towards plantation, irrigation, transport vehicle, exhibitions, advertisement etc.
-) Coffee Board extends support towards replantation, water augmentation, quality up gradation etc.
-) Coconut Development Board provides financial support for production & distribution of planting material, integrated farming for productivity improvement, market promotion, coconut palm insurance scheme etc.
-) Coir Board provides financial support for skill upgradation, organising workshop & seminars, exposure tour and quality improvement programme. Mahila Coir Yojana (MCY) is the first woman oriented self employment scheme by giving subsidy of 75% of the cost of purchase of raw materials to the trained women artisans.
-) Rubber Board provides financial support for production & distribution of planting material, integrated farming for productivity improvement, market promotion etc.

Incentive Schemes

The following incentive schemes are being extended to micro, small and medium enterprises in the State:-

Exclusive subsidy schemes for micro manufacturing enterprises established anywhere in the state

-) 15per cent capital subsidy on the value of eligible plant and machinery subject to a maximum of Rs.3.75 lakhs.
-) 0per cent low tension power tariff subsidy for 36 months from the date of commencement of commercial production or from the date of power connection, whichever is later.
-) 100per cent subsidy on the net value of Value Added Tax (VAT) paid by them for the first 6 years upto the value of investment made in plant and machinery, reimbursed on quarterly basis.
-) Stamp duty exemption on mortgaged and pledged documents.

Subsidy schemes for micro, small and medium manufacturing enterprises established in industrially backward blocks and agro- based enterprises set up in all the blocks in the state.

Micro, small and medium manufacturing enterprises coming up in 251 industrially backward blocks, all industrial estates promoted by the Government and Government Agencies like SIPCOT, TANSIDCO, etc., (excluding Industrial Estates located within the radius of 50 Kms from Chennai city centre) and agro-based enterprises set up in all the 385 Blocks in the State are eligible for the following package of incentives:-

-) 15per cent capital subsidy on the value of eligible plant and machinery subject to a maximum of Rs.30 lakhs.
-) 5per cent additional employment intensive subsidy on the value of eligible plant and machinery for giving employment to 25 workers for 3 years within the first 5 years from the date of commencement of commercial production, subject to a maximum of Rs.5 lakhs.

-) 5per cent additional capital subsidy on the value of eligible plant and machinery for enterprises set up by women, SC/ST, differently abled and trans-gender entrepreneurs subject to a maximum of Rs.2 lakhs.
-) 25 per cent additional capital subsidy on the value of eligible plant and machinery installed to promote cleaner and environment-friendly technologies subject to a maximum of Rs.3 lakhs and certification by the Tamil Nadu Pollution Control Board.
-) 20 per cent low tension power tariff subsidy for 36 months from the date of commencement of commercial production or from the date of power connection whichever is later.

Special Capital Subsidy for Thrust Sector Enterprises set up anywhere in the State

A Special Capital Subsidy of 15per cent on the eligible plant and machinery (subject to a maximum of Rs.30.00 lakhs) is extended to the 13 thrust sector enterprises setup anywhere in the State viz., Electrical and Electronic Industry, Leather and Leather goods, Auto parts and components, Drugs and Pharmaceuticals, Solar Energy Equipment, Gold and Diamond Jewellery for exports, Pollution Control equipments, Sports Goods and Accessories, Cost effective building materials, Readymade Garments, Food Processing, Plastic and Rubber Industries.

Generator Subsidy

Micro, small and medium manufacturing enterprises anywhere in the State, which purchases Generator set upto 125 KVA capacity is eligible for Generator Subsidy at 25per cent of the cost of the generator set, subject to a maximum of Rs.1.50 lakhs.

Back-ended Interest Subsidy

Back-ended interest subsidy at the rate of 3per cent, subject to a maximum of Rs.10.00 lakhs for a period of 5 years is being provided to micro, small and medium manufacturing enterprises for term loan upto Rs.100 lakhs obtained for

-) Technology upgrading/ modernization
-) National Equity Fund (NEF) Scheme
-) ISO certification
-) Research and development resulting in registration of patents and intellectual property rights
-) Credit Guarantee Fund Trust Scheme (CGFTS).
-) TIIC will provide credit to MSME with 3 percent interest rebate.

The fund allocation and expenditure under various incentive schemes to MSMEs for the year 2010-11 are given below:

Schemes for Technology Development

The following are the schemes available to MSME for technology development:-

-) 50 per cent subsidy on the cost of filing a patent application subject to a maximum of Rs.2 lakhs per application
-) 50per cent of the cost of the application for trade mark registration or Rs.25,000/- whichever is less.
-) Establishment of industrial clusters and mini tool rooms under Public Private Partnership mode by providing 25per cent of the total project cost subject to a maximum of Rs.1 Crore as assistance.
-) Creation of Technology Development Fund for evolving cleaner / energy efficient / IT enabled technologies.
-) Assistance for creation of Centres of Excellence and Technology Business Incubators for introduction of a new production techniques and design development to the tune of Rs.50 lakhs per incubator / centre of excellence

Schemes for Skill Development / Up-gradation Training

Reimbursement of 50per cent of the tuition fees for skill development training for the benefit of the educated unemployed youth and up-grading of the skills of the existing employees of micro, small and medium enterprises by the MSME associations.

Marketing Support

The Government provides the following marketing support to micro and small manufacturing enterprises:-

-) 15per cent Price preference for purchase of goods of domestic micro and small manufacturing enterprises as provided in the Tamil Nadu Transparency in Tenders Act, 1998.
-) Purchase preference for items notified from time to time by the State Government.
-) Waiver of Earnest Money Deposit for participation in tenders.
-) 50 per cent grant on hall-rent for participation in exhibitions within the State and also in other States by MSME associations.
-) Support for marketing under a common banner or brand name.

Policy for Rehabilitation of Sick Micro, Small and Medium Enterprises

An appropriate rehabilitation package for the rehabilitation of sick Micro, Small and Medium Enterprises in the State was announced in the MSMI Policy 2008. The policy envisages assistance for conducting diagnostic study of sick enterprises, scrutiny of the diagnostic study reports by a sub- committee of the State Level Inter Institutional Committee (SLIIC) constituted by the Reserve Bank of India and its recommendation to Empowered State Level Rehabilitation Committee (SLRC) for rendering rehabilitation assistance to sick Micro, Small and Medium Enterprises.

The guidelines for the implementation of the rehabilitation package announced in the Policy will be issued by the Government shortly, taking into account the recommendation of the Micro, Small and Medium Enterprises Task Force constituted by the Hon'ble Prime Minister.

Empowered Committee for monitoring of the implementation of MSMI Policy

An Empowered Committee under the Chairmanship of Hon'ble Minister for Rural Industries has been set up for monitoring of the implementation of MSMI Policy. Officials from various

Departments of the Government have been nominated as members of the Committee for effective interaction with the Industries Bodies.

Micro, Small and Medium Enterprises Board

The MSME Board functions under the Chairmanship of Hon'ble Minister for Rural Industries with the Chief Secretary to Government as Vice Chairman. The Board includes 23 official members of State / Central Government departments / organizations and 12 non-official members representing MSME / SME Associations. This Board will meet once in 6 months to analyse the problems and issues of MSMEs raised by the MSME Associations and suggest suitable solutions and send its recommendations to Government.

Tax Holiday Benefits

Under section 80J of the Income Tax Act 1961, new industrial undertakings, including small-scale industries, are exempted from the payment of income- tax on their profits subject to a maximum of 6% per annum of their capital employed. This exemption in tax is allowed for a period of five years from the commencement of production.

A small-scale industry has to satisfy the following two conditions to avail of this tax exemption facility:

-) The unit should not have been formed by the splitting or reconstruction of an existing unit.
-) The unit should employ 10 or more workers in a manufacturing process with the power or at least 20 workers without power.

Depreciation:

Under Section 32 of the Income Tax Act, 1961, a small-scale industry is entitled to a deduction on depreciation account on block of assets at the prescribed rate. Small enterprise is allowed subject to a maximum of Rs. 20 lakh deduction for depreciation on plant and machinery on the diminishing balance method.

In case of an asset acquired before the accounting period, depreciation is calculated on its written down value. For plant and

machinery that are used in manufacturing in double or triple shift, an additional allowance called 'Extra Shift Allowance' is also available.

A small-scale industry should satisfy the following conditions before it becomes eligible for deduction in depreciation:

-) The assets must be owned by the assessee.
-) The assets must actually be used for the purpose of the assessee's business or profession.
-) Depreciations allowance or deduction is allowed only on fixed assets, i.e. building machinery, plant and furniture.
-) From assessment year 1991-92, in the case of a company, depreciation will be limited to Rs. 7,590/- of the amount calculated at the specified percentage on the written down value block of assets.

Rehabilitation Allowance:

A rehabilitation allowance is granted to small-scale industries under Section 33-B of the Income Tax Act, 1961 whose business is discontinued on account of the following reasons:

-) Flood, typhoon, hurricane, cyclone, earthquake, or other natural upheavals;
-) Riot or civil disturbance;
-) Accidental fire or explosion; and
-) Action by an enemy or action taken in combating an enemy.
-) The rehabilitation allowance should be used for business purposes within three years of unit's re-establishment, reconstruction, or revival .The rehabilitation allowance is allowed to the unit equivalent of 60 per cent of the amount of the deduction allowable to the unit.

Investment Allowance:

The Investment allowance was introduced way back in 1976 to replace the initial depreciation allowance. The investment allowance under Section 31 A of the Income Tax Act, 1961 is

allowed at the rate of 25 per cent of the cost of acquisition of new plant or machinery installed.

Although the investment allowance has been made available for the articles or things except certain items of low priority, yet as per the Eleventh Schedule to the Income Tax Act 1961, a special dispensation has been provided for the plant and machinery installed in small-scale industries. In comparison with other industries, small-scale industries are at an advantage in claiming a deduction of investment allowance. A small-scale industry can avail of investment allowance provided it has put to use machinery or plant either in the year of installation or in the immediate following year failing which the benefit will be forfeited.

Expenditure on Scientific Research:

Under Section 35 of the Income Tax Act, 1961, the following deductions in respect of expenditure on scientific research are allowed:

-) Any revenue expenditure incurred on scientific research related to the business of the assessee in the previous year.
-) Any sum paid to a scientific research association or a university, college, institution or to a public company which has its object, the undertaking of a scientific research.
-) Any capital expenditure incurred on scientific research related to the business of the assessee subject to the provision of Section 35(2) of the Income Tax Act, 1961.
-) In case of any unabsorbed capital expenditure incurred on scientific research, the provision of the Income Tax Act allow to carry it forward for adjustment against the profits earned by the business in the subsequent years for an indefinite time period.

Amortization of Certain Preliminary Expenses:

The Indian companies and resident persons, under Section 35D of the Income Tax Act 1961, are allowed to write off the preliminary and developmental expenses incurred by them in

connection with the setting up of a new industrial unit or expansion of an existing industrial unit.

The examples of preliminary expenses are:

-) Expenses incurred in connection with the preparation of a feasibility report necessary for their business;
-) Engineering expenses related to the business; and
-) Legal charges, if any, for drafting agreements.
-) The writing off of the preliminary expenses is allowed against subject to a maximum of ten annual installments beginning with the previous year in which the new unit commences its production or expansion of an existing unit is completed. The aggregate amount of expenditure allowed be deducted is limited to 2.5 per cent of the total cost of the project.

A small-scale unit established in a backward area, under Section 80-HH, is allowed a deduction of 20 per cent on its profits and gains provided the unit satisfies the following conditions:

-) The unit began its production after 31st December 1970 in any backward area of the country;
-) It is a newly established unit in a backward area. It is neither split nor reconstituted out of a business already in existence in any backward area;
-) It has not been formed by the transfer to a new business plant or machinery which was previously used for any purpose in any backward area; and
-) It employs 10 or more workers in a manufacturing process with power or 20 or more workers without power.

Tax Concession to Small-Scale Industries in Rural Areas:

The Finance (No.2) Act of 1977 inserted a new Section 80-HHA in the Income Tax Act, 1961. The tax payers, under this Section 80-HHA, are entitled to a deduction of 20 % of the profits and gains derived by running small-scale industries in the rural areas.

The deduction is allowed for a period of 10 years from the year of commencement of manufacturing activity after 30th September 1977. For this purpose, the expression rural area means any area as defined under the Explanation to Section 35 CC (I) of the Income Tax Act, 1961. However, this tax deduction benefit is not allowed to the small-scale units engaged in mining activity.

The small-scale industry can avail of this tax deduction only after fulfilling the following conditions:

-) The small-scale unit is not formed by splitting or reconstruction of a business already in existence.
-) 'It is not formed by the transfer to a new business of machinery or plant previously used for any purpose.
-) The accounts of the unit are audited by a chartered accountant.
-) It employs 10 or more workers in manufacturing process carried on without the aid of power.
-) The unit does not claim a simultaneous deduction under Section 80-HH of the Income Tax Act, 1961.

Tax Concessions to Small-Scale Industries in Backward Areas:

The Planning Commission of India, in 1970-71, declared 247 districts out of 435 districts as backward areas with a view to provide them special incentives and concessions to establish industries in these backward areas. The newly established small-scale industries in these areas specified in the Eighth Schedule to the Income Tax Act, 1961 are entitled to a deduction of 20% of their profits and gains from their gross total income.

This deduction is allowed for a period of 10 years beginning with the year of commencement of manufacture or production. However, if a small-scale industry has already been established in a non-backward area and later shifted to backward area, the unit will be allowed this deduction on the profits earned from the undertaking after shifting in the backward area for a period of 10 years. A small-scale industry established in backward area but engaged in mining activity is not entitled to such deduction benefit.

The unit has to satisfy the following conditions to be eligible to avail of this tax benefit:

-) It is established on or after 31st December, 1970.
-) It employs at least 10 workers in a manufacturing process carried on with the aid of power or at least 20 workers manufacturing process carried on without the aid of power.

Expenditure on Acquisition of Patents and Copyrights:

Under Section 35-A of the Income Tax Act, 1961, any expenditure of capital nature incurred in acquiring a patent and copyright by a small-scale industry is deductible from its income. But the expenditure should be incurred after 28th February 1966. The expenditure can be deducted in 14 equal installments beginning with the previous year in which the expenditure was incurred in acquiring patents and copyrights for the unit.

Profits from Business of Publication of Books:

Under Section 80-1A of the Income Tax Act, 1961 which has replaced Section 80-1 w.e.f. the assessment year 1991-92, 20% of the profits earned by a small-scale industry from the business of publication of books is deductible from its gross total income. The deduction benefit is available for total period of five years beginning with the assessment year 1992-93.

In addition, deductions are also available in respect of:

-) Royalties from any company in India (Under Section 80 M)
-) Royalties from any certain foreign companies (Under Section 800)
-) Inter-corporate Dividends (Under Section 80 M)
-) Income of Co-operative Societies (Under Section SOP)
-) Carry forward and set -off business losses (Under Section 72)

Incentives and Tax Concessions To SSI

In India, SSI (Small Scale Industries) is a protective sector. The government has been offering various fiscal and non-fiscal incentives to this sector and aiding them in various ways to foster employment opportunities, accelerate industrial production and

increase exports. SMEs play a pivotal role in the overall industrial economy. With government support, the sector has shown admirable innovativeness and increased competitiveness and adaptability to survive the recent economic downturn and recession. The Government of India has recognized the strategic importance of the SMEs in the overall economic scenario and has been instrumental in framing varied policies to boost the growth of this sector. - See more at: http://www.franchiseindia.com/entrepreneur/magazine/2013/july/How-to-Get-Tax-Incentives_11-1-2/#sthash.MHHfiH2w.dpuf Given the importance of SME sector at the macro-economic level, several incentives have been extended to this sector in form of schemes, grants, concessions, exemptions, etc. These incentives come in form of both, the fiscal/ tax incentives and the non-fiscal incentives. Some non-fiscal incentives are:

-) Setting up of Small Industries Development Bank of India (SIDBI);
-) Easy and low cost funding schemes;
-) Government grants;
-) Simplified export procedures;
-) Easy regulatory procedures for granting permissions/licenses;
-) Establishment of integrated parks with world-class infrastructure facilities;
-) Reservation of certain products/items for manufacture by SMEs; and
-) Recent guidelines for listing SMEs on the SME exchange, etc.

From the tax point of view, deductions, holidays, exemptions, etc. are provided in various tax legislations like Income Tax, Service Tax, Excise (CENVAT), and Sales Tax. Some of the noteworthy tax sops are:

Excise Duty Benefits: Exemption from excise duty on initial turnover, clearances of Rs 15 million for small manufacturers whose turnover does not exceed Rs 40 million in the previous financial year, subject to satisfaction of certain conditions. Such

manufacturers also enjoy the benefit of making quarterly payment of duty and quarterly filing of excise returns instead of monthly payment of taxes/filing of returns for the normal assesses, thereby reducing the compliances costs for such manufacturers. Furthermore, to ease the cash flow position for SMEs, full credit of excise duty paid on capital goods is available in the year of their receipt itself, in single installment.

Excise Duty Registration: Manufacturers whose value of clearances in the current financial year does not exceed Rs 9 million are not required to take registration with the central excise authorities.

Corporate Tax Benefits: Tax deduction under section 80-IB of the Income Tax Act used to be available to SMEs. Deduction under section 80-IC and 80-IE of the Income Tax Act extends to SMEs having specified business undertakings established in certain states. Other tax deductions relate to export related tax incentives, operation in SEZ area, etc. Deduction for employment of new workmen is available under section 80JJAA of the Income Tax Act, 1961 for labour intensive companies. Furthermore, no surcharge on corporate tax applies to small companies having taxable income not more than Rs 10 million, and also a lower surcharge of 5 per cent for total income between Rs 10 million to Rs 100 million as against 10 per cent surcharge for companies with income higher than Rs 100 million. Finally, the turnover limit for tax audit and for the purpose of presumptive taxation of small business entities has been enhanced to Rs 10 million.

Service Tax Benefits: No service tax is payable by SMEs whose aggregate value of taxable services provided during the current financial year does not exceed Rs 1 million, provided that the aggregate value of taxable services of such SME does not exceed Rs 1 million in the preceding financial year also. Furthermore, exemption for seeking registration under the Service Tax law has been granted to those small service providers whose aggregate value of taxable services does not exceed Rs 0.9 million.

Sales Tax/Value Added Tax Incentives: Most of the states in India have granted the benefit of exemption from seeking registration under the State VAT enactments to SMEs having turnover less than Rs 1 million during the financial year. Moreover, various state governments have enacted a 'Composition Scheme' that entitles SMEs to pay tax at a concessional rate (which is lower than the normal VAT rate) on their turnover provided their turnover does not exceed the prescribed limit specified under the respective State VAT enactments. This relieves such entities from time-consuming compliances.

All these fiscal and non-fiscal incentives help SMEs to aim for higher levels of productivity and increase business efficiencies.

Challenges

Despite initiatives, SMEs grapple with the plethora of challenges, which restricts the growth of this sector and in turn, slows down the country's economic development. These issues range from capital funding due to lower creditworthiness, lack of cheap, skilled and organized resources like lab our and raw material, outdated technology, high real estate costs, managerial incompetency, long drawn processes in approvals/licenses and tough market competition.

From tax point of view, the major issue is the long drawn litigations process, which can take years and years to conclude. Furthermore, many SMEs find conditions for availing certain tax benefits very stringent, impractical and prone to litigation.

One of the key issues faced by SME found place in this year's Union Budget Speech. The Hon'ble Finance Minister mentioned that SMEs fear losing various benefits if they grow out of the category in which they claimed those benefits. Accordingly, to encourage the SME sector, the finance minister extended certain non-tax benefits to such units for additional three years after they grow beyond the SME category.

Code. No. : 6270

Sub Code: CENT 2

CERTIFICATE COURSE IN ENTREPRENEURSHIP

EXAMINATION, APRIL 2015

Non-Semester

INSTITUTIONAL FINANCE TO ENTREPRENERS

(For those who joined in July 2012 onward)

Time: Three hours

Maximum: 100 marks

SECTION A- (10 x 1 = 10)

Answer ALL questions

Choose the correct answer:

1. IFCI was set by Government of India In
(a) July 1948 (b) March 1951 (c) July 1951 (d) March 1948
2. SIDBI is the wholly owned subsidiary of
(a) RBI (b) ICICI (c) IDBI (d) NABARD
3. SIDCO is the wholly owned corporation of
(a) RBI (b) Central Government (c) State Government
(d) IDBI
4. The primary objective of Industrial estates is to provide
(a) Finance (b) market (c) Infrastructure (d) technology
5. Tax Holiday benefits are provided under income tax act under section
(a) 82 A (b) 80J (c) 80 M (d) 80 C
6. ICICI was started in the year
(a) 1945 (b) 1955 (c) 1965 (d) 1961
7. The Central Institute of tool Design is located at
(a) Chennai (b) Bangalore (c) Hyderabad (d) Thiruvananthapuram

8. DRAD stands for

- (a) District Rural Development Authority
- (b) District Rural Development Agency
- (c) District Reconstruction and development agency
- (d) District Rural Dynamics Authority

9. National Sumal Industries Corporation Ltd was set up with the Objective of _____ small scale industries

- (a) Promoting (b) administering (c) running (d) supporting

10. which one of the following is not the scheme offered by EXIM bank

- (a) production Equipment Finance programme
- (b) Export marketing Finance
- (c) Export vendor development finance
- (d) Import Clearance Financing

SECTION B- (5 x 6= 30 marks)

Answer ALL questions, choosing either (a) or (b)

11.(a) Explain the functions of NABARD.

(Or)

(b) Describe the objectives of EXIM bank.

12.(a) Write about the formation of SFCs.

(Or)

(b) List out the objectives of TN Women Development Corporation.

13.(a) Brief the roles of local banks for financing.

(Or)

(b) Explain the objective of DIC for the promotion of industries.

14.(a) What are the institutions offering ED programmes?

(Or)

(b) List out the objective of entrepreneurship training.

15.(a) Discuss the tax holiday benefits.

(Or)

(b) What are the incentives offered to small scale sector?

SECTION C- (5 x 12 = 60 marks)

Answer ALL questions, choosing either (a) or (b).

16. (a) Examine the functions of ECGC in financing the industrial activities.

(Or)

(b) Comment on the role of IDBI on the financing of entrepreneurs.

17. (a) Describe the role of SIDCO in the industrial development.

(Or)

(b) Explain the functions of TNAdiDravidar Housing Development Corporation.

18. (a) Explain the various programmes of DRDA.

(Or)

(b) Narrate the schemes and programmes of DIC in promoting industries.

19.(a) Describe the different training schemes offered by ED institutes.

(Or)

(b) Explain the need and methods of evaluating entrepreneurship training.

20. (a) Discuss the various incentives offered to new entrepreneurs.

(Or)

(b) Explain the different tax concessions available to entrepreneurs.

Reg. No: _____

Sub Code: CENT2

**CERTIFICATE COURSE IN ENTREPRENEURSHIP
(COMMERCE) EXAMINATION APRIL 2013.**

Non – Semester

INSTITUTIONAL FINANCE TO ENTREPRENEURS

(For those who joined in July 2012 onwards)

Time: Three hours

Maximum: 100 marks

Answer ALL questions

Choose the correct answer

SECTION A- (10x1=10 marks)

1. IDBI was started in the year _____
(a) 1954 (b) 1964 (c) 1974 (d) 1967
2. The main purpose of EXIM bank is to provide finance to
(a) Production (b) Marketing (c) Export (d) Research
3. SIDCO is formed during _____ by different states.
(a) 1950s (b) 1960s (c) 1970s (d) 1980s
4. SFCs Act was passed in the year
(a) 1951 (b) 1952 (c) 1961 (d) 1962
5. The programme implemented by DIC is _____
(a) SDYP (b) PMRY (c) RRDC (d) PSED
6. Lead bank _____ developmental activities of the district
(a) Approves (b) Implements (c) Initiates (d) Controls.
7. Which one of following is a training institute for entrepreneurs

- (a) Central training institute
 - (b) National entrepreneurs institute
 - (c) National institute for small industries
 - (d) National institute of small industries
8. Central institute of tool design is situated at.
(a) Chennai (b) New Delhi (c) Nagpur (d) Hyderabad
9. Tax holiday benefits are given to new industrial undertakings under section_____
(a)80C (b)80J (c) 80F (d) 80N
10. New small enterprise policy was implemented in the year
(a) 1986 (b) 1996 (c) 1991 (d) 2001

SECTION B

Answer ALL Questions choosing either (a) or (b).

11. (a) What are the objectives of NABARD ?
(or)
(b)Describe the formation and constitution of IDBI.
12. (a) Explain the formation of SFCs.
(or)
(b)Outline the scheme of TN in assisting entrepreneurs.
13. (a) Describe the organization of DIC.
(or)
(b) Brief the objectives of DRDA.
14. (a) State the importance of training to entrepreneurs.
(or)
(b) Name the importance institutions offering training to entrepreneurs.

15. (a) What are the needs for incentives to industrial units?
(or)
(b) Explain the different excise duty concessions extended to entrepreneurs.

SECTION C

Answer ALL questions choosing either (a) or (b).

16. (a) What are the objectives and role of EXIM bank in financing ?
(or)
(b) Review the functions of ICICI for industrial development.
17. (a) Comment on the function of TN women development corporation.
(or)
(b) Explain the role of TN Adi-Dravidar Housing Development Corporation.
18. (a) Explain the role of local banks in promotion of development.
(or)
(b) Discuss the different field training to entrepreneurs.
19. (a) Discuss the different field training to entrepreneurs.
(or)
(b) What are the needs and methods of evaluation of training programmes ?
20. (a) Comment on the various incentives extended to industrial units in industrial estates.

(or)

(b)Incentives and concessions need not be a permanent phenomenon - Comment.
