

New Entrepreneur-cum-enterprise Development Scheme Are you sure you want to sign out? Cancel Sign Out

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Tamil Nadu New Entrepreneur-cum-enterprise Development Scheme

Entrepreneur Loan MSME NEEDS Subsidy Details

The scheme "New Entrepreneur-Cum-Enterprise Development Scheme (NEEDS)" was launched by the Department of Micro, Small and Medium Enterprises, Government of Tamil Nadu. The scheme was devised and formulated as a special scheme to assist educated youth to become first-generation entrepreneurs. Under this scheme, educated youth will be given entrepreneur training, assisted to prepare their business plans, and helped to tie up with financial institutions to set up new business ventures, besides linking them with major industrial clients. They will be assisted to avail term loans from Banks/Tamil Nadu Industrial Investment Corporation (TIIC) with capital subsidy at 25% of the project cost not exceeding ₹175 lakhs and soft loans with 3% interest subvention. The Entrepreneurship Development Institute and TIIC will play a crucial role in this process.

The scheme aims to provide training to young first-generation entrepreneurs in conceiving, planning, initiating, and launching manufacturing or service enterprises successfully. On successful completion of the training programme, they will be assisted to get term loans from Banks /Tamil Nadu Industrial Investment Corporation Limited (TIIC) to set up manufacturing or service enterprises with margin money assistance.

Objectives of the Scheme: Educated youth will be given entrepreneurship training to groom them as first-generation entrepreneurs on the essentials of conceiving, planning, initiating, and launching a manufacturing or service enterprise successfully. On completion of the training program, they would be assisted to prepare their business plans and helped to tie up with financial institutions to get term loans, to set up manufacturing or service enterprises with a project cost not exceeding ₹15 Crore and capital subsidy of 25% of the project cost not exceeding ₹175 lakhs with 3% interest subvention to be provided by the State Government. Subject to availability, they would also be provided with reservation up to 25% for allotment of Plots / Sheds in SIDCO Industrial Estates in the State.

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

List of Ineligible Activities: The following activities, listed below, will not be eligible for assistance under this 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 foodstuff Sugar Distilleries, Brewery, and Malt Extraction Units utilizing Molasses/rectified spirit/de-natured spirit as raw material for the 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 Fire Crackers 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 All types of Business activities. Training Institute and Methodology of the Training: The Entrepreneurship Development Programme (EDP) Training will be imparted through Entrepreneurship Development Institute, Guindy, Chennai. The trainees will be exposed to Behavioural Components, Business Opportunity Guidance and Preparing bankable Business Plans, Information on Entrepreneurship support Institutions, Business Laws and Regulations related to Micro and Small Enterprises, Management issues, and Technical Training in the specific technology sector. An innovative methodology by combining Behavioural & Management Games, Lecture cum discussion supported by audiovisuals, Interaction with successful entrepreneurs, Intensive Technical Training, and Exposure visits will be adopted.

Subsidy: 25% of the Project Cost subject to a ceiling of Rs.75.00 lakhs as a subsidy from the Government. However, the following expenses will not be considered for the calculation of subsidy under this scheme: Cost of rented/leased building Technical know-how Preliminary/ pre-operative expenses Working capital margin Rate of interest: Enterprises financed by TIIC/Banks will be charged at the rate of interest applicable to micro & small enterprises as per banking norms.

Benefits Under the scheme, subsidy assistance will be provided by the State Government up to 25% of the project cost (Subject to a maximum limit of ₹175 Lakhs). Interest subvention provided at the rate of 3%, throughout the period of repayment. Priority in allotment in Small Industries Development Corporation (SIDCO) industrial estates. An additional capital subsidy is provided for 10% over the capital subsidy of the eligible project cost to the enterprises promoted by SC/ST or differently-abled candidates.

Eligibility The applicant should be a resident of Tamil Nadu State for not less than 3 years. The applicant should be a first-generation entrepreneur. The age of the applicant should be between 21 to 35 years in general and for special (Women/BC/MBC/SC/ST/Ex-servicemen/Transgender/Differently abled), age relaxation is up to 45 years. The applicant should possess a minimum 12th std./diploma/ Industrial Training Institutes (ITI) or vocational training from a recognized Institution, aspiring to become entrepreneurs would be eligible for assistance under the scheme. There will be no income ceiling for assistance in setting up projects under this scheme. Assistance under the Scheme is available only for new projects sanctioned specifically under the NEEDS. Entrepreneurs who have already availed assistance under Prime Minister's Rozgar Yojana (PMRY), Rural Employment Generation Programme (REGP), Prime Minister's Employment Generation Programme (PMEGP), Unemployed Youth Employment Generation Programme (UYEGP), Tamil Nadu Adi Dravidar Housing and Development Corporation Limited (TAHDCO) or any other scheme of Government of India or State Government will not be eligible for assistance under the NEEDS. Any applicant/entrepreneur who has availed loan for economic activity under Self Help Group/other group activity will also be not eligible. The applicant should not be a defaulter to any Commercial Bank / Tamil Nadu Industrial Investment Corporation Limited (TIIC). Entrepreneurs availing assistance under this scheme will not be eligible to avail of capital subsidy under any other State Government schemes. Project cost should be above ₹10 lakh, and below ₹15 crore. The applicant's contribution should be 10% of the project cost for the General category; and 5% for the Special category.

Entrepreneurship Development Programme (EDP) training is mandatory.

Note 01: Subject to satisfying the eligibility criteria by all the partners, partnership concerns may be considered for assistance under the scheme. However, EDP training will be provided to only one of the partners authorized by other partners in such cases.

Note 02: The value of the land may be considered as the promoter's contribution, either in part or in full, as per guideline value or market value, prevailing as on the date of filing of the loan application, whichever is lower, subject to the condition that the title of the land is in the name of the entrepreneur/enterprise proposed to be established.

Application Process

Online Application Processes:

Step 01: The applicant willing to avail loan under the NEEDS scheme should fill up the online application through the Official Website of the Micro, Small and Medium Enterprises Department, Government of Tamil Nadu.

Step 02: On the home page, click on "Apply Online" and then "New Application".

Step 03: Click on "Register" and fill in the details like Name, Date of Birth, Email ID, Aadhaar Number & Mobile Number.

Step 04: After successful registration, click on

login™ and fill in all the mandatory details.

Step 05: Upload all the necessary documents and submit the application form.

Post-Application Process:

Step 01: The received applications will be scrutinized and shall be placed before the Task Force Committee. **Step 02:** The Selection will be based on qualification, skill, aptitude, viability of the proposed project, marketability, interview/screening of the applicant, etc.

Step 03: The selected applications will be sent to the bank / Tamil Nadu Industrial Investment Corporation Limited (TIIC) branches by the General Managers, District Industries Centres in proportion to the target fixed by the Industries Commissioner and Director of Industries and Commerce.

Step 04: The bank / Tamil Nadu Industrial Investment Corporation Limited (TIIC) branches shall assess the potentiality and will issue provisional sanctions to eligible beneficiaries. The provisional sanctions shall be intimated to the concerned District Industries Centres.

Step 05: The District Industries Centres shall arrange for compulsory Entrepreneurship Development Programme training by the Entrepreneurship Development Institute. On completion of training, Entrepreneurship Development Institute will issue training certificates.

Step 06: After successful completion of Entrepreneurship Development Programme training (EDP), those beneficiaries who ever apply, shall be allotted Developed Plot / Work Sheds at Small Industries Development Corporation Limited (SIDCO) managed Industrial Estates, at the cost fixed by Small Industries Development Corporation Limited (SIDCO), subject to the availability of the same on priority basis by Small Industries Development Corporation Limited (SIDCO).

Step 07: Subsequently, the beneficiary will deposit the Promoter's Contribution with the bank / Tamil Nadu Industrial Investment Corporation Limited (TIIC). Thereafter, the bank / Tamil Nadu Industrial Investment Corporation Limited (TIIC) will disburse the 1st installment of the bank finance to the beneficiary.

Procedure for Online Filling of Application Dos and Don'ts:

Documents Required:

- Identity proof i.e. copy of Election ID Card/ Aadhaar card
- Copy of PAN Card
- Passport size photo
- Educational Qualification proof
- Proof of age
- Caste/Community Certificate
- Residence proof
- Valid certificate for the proof of Ex-Serviceman /Differently abled /Transgender
- Bank account details
- Any other document, if required

Frequently Asked Questions

Who are the beneficiaries? First Generation Individual Entrepreneur (Proprietorship) or Group of Entrepreneurs (Partnership), provided that all members of the partnership should be First Generation Entrepreneurs. Whether partnership projects are considered under this scheme? Yes, subject to the condition that the eligibility criterion as prescribed in the NEEDS G.O. is fulfilled by each and every individual of those entered into the partnership deed, partnership concerns may be considered for assistance under this scheme. What is the age limit to apply under NEEDS? The applicant must be of age between 21 -35 in general and for special (Women/BC/ MBC/ SC/ST/Ex-servicemen/Transgenders/Differently abled), age relaxation upto 45 years. Anyone residing outside Tamil Nadu State can start business in Tamil Nadu under NEEDS? No, the applicant should be a resident of Tamil Nadu State for not less than 3 years. Can anyone residing in Tamil Nadu start business anywhere in Tamil Nadu under NEEDS? Yes, in such a case, for example, a resident of Kanyakumari District can start an enterprise in Chennai District and vice versa. Is there any income ceiling to get assistance under NEEDS? No, there is no family income ceiling prescribed for assistance in setting up projects under this scheme. What is Project Cost? Project cost is the sum of Capital Expenditure and Margin Money for working capital. What is Capital Expenditure? Capital Expenditure will generally include investment in Land, Buildings, Plants, and Machinery only. Whether cost of land can be included in the project cost? Yes, the cost of the land may be included in the Project cost at guideline value or market value, prevailing as on the date of filing of the loan application, whichever is lower. Whether cost of building can be included in the project cost? Yes, the Cost of construction of buildings such as Offices, Work-Shed / Workshop, Laboratories, etc., may be included in the project cost subject to the condition that the cost of the building shall not exceed 25% of the total project cost. Whether cost of leased/rental building can be included in the project cost? No, the cost of leased/ rental building shall not be included in the Project cost. How much maximum subsidy is available under this scheme? 25% of the eligible components of the project cost subject to the maximum amount of ₹.75 Lakhs. In partnership projects, is it mandatory for all the partners to attend the EDP training? No, EDP training will be provided to only one of the partners who should be authorized by other partners in such cases. In partnership projects, what is the owner contribution if one of the partner(s) belongs to General category? The owner's contribution depends on the majority of partners involved in the project. For instance, in a unit of two partners involved, one belongs to the General category and the other one from Special Category, and then the contribution will be applicable to the General category. For instance, if a unit has three partners one belongs to the General category and the other two from Special Category, then the contribution will be as applicable for the Special category. Before completion of EDP training can an individual claim subsidy? Not possible. He / She should complete EDP training, and deposit his/her own proportionate contribution of the project cost in his account. Bank has to release the Term Loan subsequent claim(s) have to be sent to GM, DIC/RJD, Chennai along with the disbursement advice. Under which circumstance collateral security is needed? Collateral security will be decided as per Bank / Tamil Nadu Industrial Investment Corporation Limited (TIIC) guidelines. Subject to the applicability, loans may also be covered under the Credit Guarantee Fund Trust Scheme for Micro and Small Enterprises (CGT-MSE) of the Government of India. What is the rate of interest for the Enterprises financed by TIIC/Banks? Enterprises financed by TIIC/Banks will be charged at the rate of interest applicable to Micro & Small enterprises as per banking norms. Whether 1 month EDP Training is compulsory? Yes, it is mandatory. If an entrepreneur completed equivalent EDP training sponsored by EDI, MSME-DI, Banks before applying under NEEDS, then he/she can avail exemption from regular 1 month mandatory EDP training? Yes, he/she can avail of the exemption from regular 1 month mandatory EDP training. Which are the financial agencies? All Commercial banks including Regional Rural Banks (RRB), Small Industries Development Bank of India (SIDBI), Tamil Nadu Industrial Investment Corporation Limited (TIIC Ltd) and Tamil Nadu Industrial Co-operative Bank (TAICO). Can project be financed jointly from two different finance sources? No, it is not possible. Whether existing unit can avail subsidy under NEEDS? No, only a new unit being promoted by a new First Generation Entrepreneur is eligible for assistance. Whether an entrepreneur can submit more than one project? No, only one project could be submitted. Whether second hand machinery would be considered eligible for assistance? No, only new machinery will be considered eligible. However, second-hand machinery, directly imported by the entrepreneur would also be considered eligible for assistance. Sources And References

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Nadu Industrial Investment Corporation Limited (TIIC) to set up manufacturing or service enterprises with margin money assistance. Objectives of the Scheme: Educated youth will be given entrepreneurship training to groom them as first-generation entrepreneurs on the essentials of conceiving, planning, initiating, and launching a manufacturing or service enterprise successfully. On completion of the training program, they would be assisted to prepare their business plans and helped to tie up with financial institutions to get term loans, to set up manufacturing or service enterprises with a project cost not exceeding ₹5 Crore and capital subsidy of 25% of the project cost not exceeding ₹75 lakhs with 3% interest subvention to be provided by the State Government. Subject to availability, they would also be provided with reservation up to 25% for allotment of Plots / Sheds in SIDCO Industrial Estates in the State. Activities covered: All economically viable manufacturing and service activities are eligible under this scheme subject to appraisal for their viability as per the guidelines of Tamil Nadu Industrial Investment Corporation Limited (TIIC) / Bank. Priority will be given to projects which are eco-friendly, accord importance to energy conservation, and are export-oriented. List of Ineligible Activities: The following activities, listed below, will not be eligible for assistance under this 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 foodstuff. Sugar Distilleries, Brewery, and Malt Extraction Units utilizing Molasses/rectified spirit/de-natured spirit as raw material for the 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 Fire Crackers 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 All types of Business activities. Training Institute and Methodology of the Training: The Entrepreneurship Development Programme (EDP) Training will be imparted through Entrepreneurship Development Institute, Guindy, Chennai. The trainees will be exposed to Behavioural Components, Business Opportunity Guidance and Preparing bankable Business Plans, Information on Entrepreneurship support Institutions, Business Laws and Regulations related to Micro and Small Enterprises, Management issues, and Technical Training in the specific technology sector. An innovative methodology by combining Behavioural & Management Games, Lecture cum discussion supported by audiovisuals, Interaction with successful entrepreneurs, Intensive Technical Training, and Exposure visits will be adopted. Subsidy: 25% of the Project Cost subject to a ceiling of Rs.75.00 lakhs as a subsidy from the Government. However, the following expenses will not be considered for the calculation of subsidy under this scheme: Cost of rented/leased building Technical know-how Preliminary/ pre-operative expenses Working capital margin Rate of interest: Enterprises financed by TIIC/Banks will be charged at the rate of interest applicable to micro & small enterprises as per banking norms. Ok Was this helpful? Share News and Updates No new news and updates available ©2024 Powered by Digital India Corporation (DIC) Ministry of Electronics & IT (MeitY) Government of India Quick Links About Us Contact Us Screen Reader Accessibility Statement Frequently Asked Questions Disclaimer Terms & Conditions Useful Links Get in touch 4th Floor, NeGD, Electronics Niketan, 6 CGO Complex, Lodhi Road, New Delhi - 110003, India support-myscheme[at]digitalindia[dot]gov[in] (011) 24303714 Last Updated On : 28/03/2024 | v-2.1.1