



GOVERNMENT OF KERALA

Abstract

Industries Department - Scheme for Interest Subvention to Nano Household Enterprises- Administrative sanction accorded - Orders issued.

INDUSTRIES (B) DEPARTMENT

G.O.(Ms)No. 116/2017/ID Dated,Thiruvananthapuram,13/11/2017

Read: 1 Letter No. FC2/13859/2017 dated 23.10.2017 from the Director of Industries and Commerce.

2 Minutes of Working Group Meeting held on 31.10.2017.

ORDER

Government have introduced a new scheme 'Nano Household Enterprises' in the Budget 2017-18 in addition to the regular ESS with an intention to provide financial assistance in the form of Interest Subvention to such Nano/Household units on a reimbursement basis for the term loan availed by the units.

2. Accordingly, vide the letter read above the Director of Industries and Commerce has submitted a proposal with guidelines of the scheme for Interest Subvention to Nano Household Enterprises, both manufacturing units and units engaged in job works and requested to accord Administrative Sanction to the scheme.

3. The Working Group Meeting held on 31.10.2017 considered the matter and resolved to recommend the proposal.

4. Government have examined the matter in detail and are pleased to accord Administrative Sanction for the Scheme for Interest Subvention to Nano Household Enterprises providing interest subvention at the rate of 6% to 8 % on the term loan availed by nano house hold units both manufacturing and units engaged in job works for a period of three years. The approved Guidelines are appended herewith.

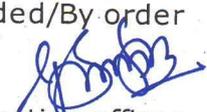
5. The expenses in this regard will be met from 2851-00-102-84-02-33(P)

By order of the Governor
K.RADHAKRISHNAN
JOINT SECRETARY

To:- The Director of Industries and Commerce, Thiruvananthapuram.
The Principal Accountant General (Audit), Kerala, Thiruvananthapuram.
The Accountant General (A&E), Kerala, Thiruvananthapuram.
The Managing Director, KSIDC, Thiruvananthapuram.
The Managing Director, KFC, Thiruvananthapuram.
The Chief Executive Officer, K-BIP, Thiruvananthapuram

The General Managers, All District Industries Centre
The Finance Department
The Planning and Economic Affairs Department
The Industries(J)Department
The Information and Public Relations(Web & New Media) Department
Stock File/Office Copy

Forwarded/By order


Section officer

Scheme for Interest Subvention to Nano Household Enterprises

1) Background

Government of Kerala had approved and implemented a scheme “Entrepreneur Support Scheme “ which merged and replaced the following schemes which were being implemented by the Department.

1. Scheme for payment of grant under Women’s Industries Programme.
2. Scheme for providing Margin Money Loan to SSI units and for providing margin Money Loan to SSI units promoted by Non-resident Keralites.
3. Scheme for providing State Investment Subsidy and scheme for Subsidy under Technology Development Fund.
4. Scheme for re-imbusement of One time Guarantee Fee and Annual Service Fee remitted under CGTMSE.
5. Self Employment Scheme for Educated Youth.
6. Women’s Industries Scheme.
7. Scheme for providing Turn Over Subsidy to MSME units engaged in the manufacture of Fruits and vegetables based products.

The ESS is aimed at providing grant assistance to a MSME unit engaged in manufacturing as defined in MSMED Act and with a legal entity. An entity can avail the assistance in three different stages namely Start UP, Investment and Technology Upgradation. The majority of the enterprises in the state fall in the category of Micro with fixed capital investments of Rs 10 lakhs and below. The state is characterized by the large number of service enterprises/job work who are not provided with any sort of financial assistance by the Government. The Government considers it important to promote the nano and household sector as this constitutes the key economic sector of the state. A nano and household unit is defined as one in which the fixed capital investment is Rs 5 lakhs or less in both manufacturing and units engaged in job work and should be in white

category as per Pollution Control Norms with connected load of 5HP or less. In such cases mostly the household members are the workforce and such units would not require any license from Local self Government. The units can be started by filing a Self Declaration Memorandum with the DIC . The present scheme is to provide a financial assistance in the form of interest subvention to such nano and household units on a reimbursement basis for the term loans availed by the units. The manufacturing units who are eligible to claim assistance under ESS or any other schemes of GOI & GOK cannot apply for interest subvention. New and innovative projects are given priority. The projects selected shall not be one that is included in the negative list (attached) as Annexure IV and it should be district specific or cluster specific. The department act as a facilitator for forward and backward linkages.

2) Objectives :

1. To generate employment opportunities in household through new self-employment projects (Nano/Household units)
2. To aggregate household/nano units & increase the extent of potential employment.
3. To provide continuous and sustainable employment and increase wage earning capacity of unorganized / household/units.
4. To address specific issues not covered under similar schemes of GOI, GOK
5. The new scheme for providing financial assistance to nano and household units is to support units with capital investment of Rs.5 lakhs or less for manufacturing units and units engaged in job work. The assistance is by way of interest subvention on the term loan availed for a period of three years on re-imburement basis.
6. The assistance is provided for the first three years after the unit is set up. In the first year, assistance is given without considering prompt repayment. During the 2nd and 3rd years interest subvention is accorded if there is prompt repayment of loan with interest. Thus it is a big relief in the early stages of business.

7. The unit will be monitored for the financial health and symptoms of sickness can be found out well on time.
8. The units engaged in job work were hitherto were not eligible for any sort of financial assistance other than under PMEGP.

3) Entitlement of a successful applicant :

The entitlement under the scheme is interest subvention to an extent of 6% per annum for the term loans availed by the units on reimbursement basis for three years. The interest subvention will be 8% for three years on re-imburement basis for women and SC/ST enterprises. In the event of default of re-payment of loans with interest at the end of 1st year the subvention will not be passed. The same is applicable for 2nd and 3rd years.

1. The applicant unit will have to declare that the unit has not availed any other grant assistance from Government of Kerala, Government of India or any other agencies.
2. The Interest subvention is based on the best available interest rates offered by scheduled commercial banks for MSME sector. The special low rates of interest offered to eligible groups such as Backward communities, Women, SC/ST and minorities from agencies such as NBDFC, NMDFC, Women Development Corporation etc shall not be eligible for further subvention under this scheme. The financial institution shall be Public Sector Banks, Regional Rural Banks, Co-operative Banks approved by state level Task Force headed by Secretary Industries Private Sector Scheduled Commercial Banks, SIDBI etc
3. The assistance shall be limited to the fixed percentage of the composite investment upon
 - (a) plant & machinery
 - (b) other fixed assets including essential office equipments
 - (c) electrification

Cost of Land and Building shall not be included in the FCI under this scheme.

4) Powers and Services offered by the sanctioning authority:

1. Identification of beneficiaries are through General Managers, District Industries Centres.
2. The power to sanction assistances under the scheme shall be vested with a committee comprising of GM, DIC, Lead Bank Manager , District Manager , KFC, Manager (Credit) at DIC based on the recommendations from the Manager of the financial Institution who extended the term loan and Manager(Credit). The selection and process of sanction shall be as that one followed under PMEGP. The committee can call the beneficiaries for personal hearing to assess aptitude, skill set etc.
3. The Manager Credit should scrutinize the applications duly recommended by the concerned ADIO after verifying the claims of the applicant and confirming that it is working well after visiting the unit.
4. The Scheme should be well notified through press release/advertisements / notices in all major public places etc before the commencement of the financial year.
5. There is no application fee for applying for financial assistance.
6. The application duly filled in form given in annexure 1 along with the required documents should be submitted to the ADIO of taluk office concerned or DIC.
7. The recommending / sanctioning authority shall request and accept further documentation or clarification from the applicant or financial institution.
8. The recommending/sanctioning authority shall post the information regarding each individual applicants and inform the outcome of the application directly or electronically at the end of the quarter.

5) Obligations of the applicant entrepreneurs.

- a) The applicant shall provide all required details and declare such information as to be true

- b) The applicant shall provide clarifications or further details sought by the recommending/ sanctioning authority.
- c) The applicant shall allow inspection or verification of any details mentioned in the application including plant and machinery and all other assets if so required by the recommending / sanctioning authority.
- d) The applicant shall produce originals of any important documents if so required by the recommending / sanctioning authority for verification.

6) General Provisions

- 1) The assistance under this scheme shall be referred to the eligible enterprises (unit) for the 1st 3 years.
- 2) The officer who is accepting the application form should examine whether all necessary details have been furnished and should inform the acceptance in 7 days. All rectification required should be informed in one step and completed applications when submitted should be given taken of acceptance in 7 days. There should be valid reasons for rejections and there should be communicated in unity within 7 days of receipt of application.

7) Monitoring and Evaluation of the Scheme

Committee shall be constituted in District Industries Centres to sanction the assistance under the scheme and monitor the units which availed assistance under this scheme.

8) Implementing Agency

Director of Industries and Commerce is the Nodal Agency for implementation of the scheme.

9) Funds:

The funds for the scheme will be sourced from the Head of account 2851-00-102-84-02-33(P) "Nano Household Enterprises"

10) Appeals

The Director of Industries and Commerce is competent to dispose the appeals, if any, in the prescribed proforma within 30 days from the date of issue of orders of General Manager, District Industries Centre/ District Level Committee as the case may be. No appeal after this period is entertained. The decision of appellate authority shall be final.

Annexure I - Application Form

Annexure II- Recommendation from Financial Institution.

Annexure III- Appeal

Annexure IV- Negative list.

Declaration

I have read the rules of the scheme and undertake to abide by all the provisions herein. Also submit that I have not availed any grant assistance from any Government of Kerala, Government of India given earlier for the same project. I declare that the facts stated above are true to the best of my knowledge and belief.

Signature

Name of the promoter

Place :

Date:

Annexure I

Application Form for Assistance under Scheme for interest subvention to Nano

Household Enterprises

1. Name and address of the applicant :
 2. Name and address of the unit with house No. :
 3. Udyogh Aadhar No./MSME Part II :
 4. Whether manufacturing/ Service :
 1. If manufacture, production and date :
 2. If Service, date of service rendered :
 3. Production Commit date :
 4. Annual
 5. GST No.
 5. Details of Investment :
 - 1) Plant& Machinery :
 - 2) Other fixed asset :
 - 3) Electrification :
 - 4)including essential office equipments :
- TOTAL
- 6) Details of Power required :
 - 7) Name and address of Financial Institution :
 - 8) Details of Term Loan } :

(Statement to be enclosed from Bank

- 9) Rate of interest (with statement from Bank) :
- 10) Amount of interest per year :
(with statement from Bank)
- 11) Details of repayment :
- 12) Interest subvention claimed :

Annexure II

Recommendation of the Financial Institution

This is to certify that an amount of Rs...../- has been sanctioned to M/s..... promoted bytowards Term loan. The interest rate is.....%. The amount of interest of T.L remitted by the promoter for the period fromto.....is Rs...../- and during this period his loan repayment is very prompt. I recommend that the unit is eligible for interest subvention as per Government Order

Bank Branch Manager

(Seal)

Name of Bank

ANNEXURE -III

FORM OF APPEAL

(Affix Court Fee Stamp worth 10/-)

(See Para 8)

1. Name of Applicant :
2. Name and Address of the unit :
3. Number and Date of UdyogAadhar Memorandum :
4. Authority which passed orders appealed against :
5. Amount of Assistance Claimed :
6. Amount of Assistance Allowed :
7. Number and Date of the Order appealed against :
8. Ground of appeal (Use Separate Sheet if necessary) :

Appellant :

Signature :

Place :

Date:

ANNEXURE IV
NEGATIVE LIST

Negative list:- units are ineligible for any financial assistance/loan/exemption/subsidy from the State Government.

1. Photo Studios and Colour Processing Centres
2. Breweries and Distilleries of all types
3. Saw mills
4. Soap Grade Sodium Silicate
5. Asbestos processing except units in respect of which the quantum of asbestos used in the production process is less than 25% and environmental and occupational health hazards have been taken care of to the satisfaction of authorities concerned
6. Metal Crushers including Granite Manufacturing units
7. All types of Steel Re-rolling mills, Units manufacturing iron ingots
8. Calcium Carbide
9. Cement manufacturing except units manufacturing cement from fly ash
10. Potassium Chlorate
11. Cashew industrial units
12. Power intensive units based on electro thermal/electro chemical processor units where total power requirements exceeds 5000 KVA of contract load or where the cost of power is more than 33% of cost of production of the items manufactured except where the units generate their power requirement in excess of 5000 KVA of contract load by own captive power.

* As amended from time to time.