

## **Guidelines for Extending Matching Grant to Entrepreneurs (50:50) – Existing entrepreneurs**

### **1. Objectives**

- (i) To motivate and provide business support for existing Agri entrepreneurs to undertake value addition activities in food processing and other agri allied sector.
- (ii) To provide financial linkage and back-ended capital subsidy to Agri entrepreneurs.

The financial support shall be provided for a) Diversification of business activity to set up new processing unit; b) expansion of existing facility, c) modernization of the processing unit. Existing agri-entrepreneurs would be provided financial support for capital subsidy by Tamil Nadu Irrigated Agriculture Modernisation Project (TNIAMP) for 50% of the eligible project cost with a maximum ceiling of Rs. 5.0 lakh per unit. Promotor contribution should be minimum of 25% of the project cost with the balance being loan from bank.

### **2. Target group & Subsidy**

Existing Agri entrepreneurs for expansion or proposed to diversify in value addition, food processing of agricultural commodities and other agri related activities.

### **3. Eligibility**

All the economically viable Agri related activities such as value addition, processing are eligible under this scheme subject to appraisal for its viability as per the guidelines of TNIAMP / Bank. Priority will be given to the projects which are eco-friendly, envisaging importance to energy conservation and are export oriented. Preference will be given for Agri Graduates as new agri entrepreneur.

#### **3.1 Agri Entrepreneur with the following criteria are eligible to avail assistance under the scheme**

Nature of the Business Entity	Sole proprietorship/ Partnership/Private Limited
Age of the Enterprises	Minimum two years of business operations with valid proof
Educational Qualification	Degree/ Diploma/ ITI / Vocational training from Recognized institutions
Geographical coverage	Entrepreneur's registered office or business operations shall fall under the project area
Promoters Contribution	25% of the project cost
Partnership	One or more persons can jointly establish partnership enterprises provided all the partners satisfy the eligibility criteria.

Eligible Activities	All economically viable agro enterprises including Agri value addition, processing and packaging activities.
Ineligible Applicants	<p>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), Tamil Nadu Adi Dravidar Housing and Development Corporation Limited (TAHDCO) and any other subsidy schemes cannot avail for the same infrastructure to avoid dual funding for the asset creation.</p> <p>Self - help group are not eligible for assistance under this scheme. The applicant shall not be a defaulter to any Commercial Bank.</p>

#### **4 .NORMS OF ASSISTANCE**

- i. TNIAM Project will provide financial support for capital subsidy for 50% of the eligible project cost with a maximum ceiling of Rs. 5.0 lakh per unit (Rupees five lakhs only)
- ii. The fund can be used for creating fixed assets as well as for working capital.
- iii. The cost of the land shall not be included in the Project cost.
- iv. New machinery alone will be considered as eligible. Indigenous / second-hand machinery will not be considered for assistance. However, second-hand machinery directly imported by the entrepreneur will be considered as eligible for assistance.
- v. Project cost will include capital expenditure and margin money for working capital.
- vi. Self-financed projects are not eligible under this scheme.
- vii. Banks shall arrive at the components of project cost based on their appraisal guidelines.

#### **Promoter's Contribution**

- i. Promoter's contribution should be 25% of the Project Cost with balance being loan from Bank.

- ii. Land cost will not be considered as promoter's contribution.

### **Financial Institutions**

All the Commercial Banks and Regional Rural Banks (RRB)

### **Mode of financing & Subsidy: Term Loan**

- i. Banks will finance Capital Expenditure in the form of Term Loan and working capital
- ii. The amount of Bank Credit will be up to 75% of the total project cost
- iii. Promotor's contribution should be 25% of the project cost
- iv. Matching grant under TNIAM project support which is 50% of the eligible project cost with a maximum ceiling of Rs. 5.0 lakh per unit will be released to the beneficiary loan account of the bank.

### **5. Process flow:**

- i. Deputy Director of Agriculture (Agri. Business) of the districts concerned will identify the entrepreneur and provide support for preparation of Business plan in consultation with Zonal Agri Business Specialist of Agri Business Promotion Facility (ABPF)
- ii. The preliminary scrutiny of the Business Plan with total project cost of Rs.10 lakhs or above will be taken up by the Deputy Director of Agriculture (Agri Business) and the same will be forwarded to TNIAMP Cell.
- iii. TNIAMP cell will evaluate the Business plan received for ensuring it as a bankable project and send the same to the entrepreneur for submitting to Bank.
- iv. Bank will assess the project and accord sanction for the total amount (including the back ended subsidy) with a pre-disbursement condition
- v. Deputy Director of Agriculture (Agri Business) on verification of the sanction letter shall forward it to the ABPF at Head Quarters for recommendation of grant release.
- vi. Matching grant amount will be released to the Beneficiary loan account held with the respective bank.
- vii. Bank shall mark lien on the grant amount transferred and after successful repayment of loan amount the bank shall adjust the grant amount towards outstanding as a back ended subsidy
- viii. Deputy Director of Agriculture (Agri. Business) shall monitor the performance regularly and report it to TNIAMP cell every 6 months.

Director  
Agriculture Marketing and Agri Business