

## **Guidelines of Financial Assistance to New Agri-enterprises**

### **1. Objectives**

- i. To promote new Agri entrepreneurs in Food and Agri allied sector.
- ii. To develop business skills of the entrepreneurs through entrepreneurship training.
- iii. To provide financial linkage to Agri entrepreneurs.

Financial support shall be provided for setting up of new processing (including primary processing), value addition and packaging facilities. Agri-entrepreneurs would be provided financial support for capital subsidy by Tamil Nadu Irrigated Agriculture Modernisation Project (TNIAMP) for 40% of the eligible project cost with a maximum ceiling of Rs. 2.0 lakh per unit. Promotor contribution should be minimum of 20% of the project cost with the balance being loan from bank.

### **2. Target group**

New Agri entrepreneurs proposed to involve in value addition, food processing of agricultural commodities and other agri related activities. Unemployed youth trained by various schemes taking up food processing, value addition also are eligible.

### **3. Eligibility**

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

### **4. Selection of the beneficiaries**

- Beneficiary will be selected from the participants of the one-day facilitation workshop conducted at district level based on the interest, ability and potential of the entrepreneurs,
- Selected set of entrepreneurs will be given intensive entrepreneurship training by the Deputy Director of Agriculture (Agri. Business) in coordination with the Zonal Agri Business Specialist of ABPF (Agri Business Promotion Facility).
- Training will be conducted by the Deputy Director of Agriculture (Agri Business) at district level utilizing the resource persons from NIFTEM/TNAU/incubators/other reputed institutions for two days for capacity building of the beneficiary.
- On successful completion of the training, entrepreneurs will be shortlisted for the support of Business Plan preparation, credit facilitation and business execution.
- Zonal Agri Business Specialist (ABPF) will support the entrepreneurs in preparation of Business plan.
- The Business plans prepared for financial assistance will be submitted to the banks for loan approval.
- On approval of loan, grant will be provided for the selected entrepreneurs and subsidy amount will be released from the TNIAMP to the beneficiary loan account of the bank.

**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 Enterprise	Proposed business or an enterprise which is yet to generate first commercial invoice will be considered as new enterprises
Educational Qualification	Degree/ Diploma/ ITI / Vocational training from Recognized institutions. Preference will be given for the Agricultural graduates.
Geographical coverage	Entrepreneur's registered office or business operations should fall under the project area
Promoters Contribution	20% 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	Board of directors or office bearers of any Farmer producer company are not eligible. 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 any other subsidy schemes cannot avail for the same infrastructure to avoid dual funding for the asset creation. Self - help group will not be eligible for assistance under the scheme. The applicant should not be a defaulter to any Commercial Bank.

**NORMS OF ASSISTANCE**

- i. TNIAM Project will provide financial support for capital subsidy for 40% of the eligible project cost with a maximum ceiling of Rs. 2.0 lakh per unit (Rupees two lakhs only)
- ii. The fund shall be used for creating fixed assets as well as for working capital.
- iii. Land cost shall not be included in the Project cost.

- iv. New machinery will alone be considered for assistance under this scheme. Indigenous / second-hand machinery will not be considered for assistance. However, second-hand machinery directly imported by the entrepreneur will be considered for assistance.
- v. Project cost will include capital expenditure and margin money for working capital.
- vi. Self-financed projects will not be eligible under this scheme.
- vii. Banks may arrive at the components of project cost based on their appraisal guidelines.

### **Promoter's Contribution**

- i. Promoter's contribution should be 20% 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**

- i. Banks will finance Capital Expenditure in the form of Term Loan and working capital.
- ii. As in Business plan execution assistance, an amount of Rs.1.00 lakh will be disbursed to the beneficiary bank loan account.
- iii. The agri entrepreneur who has reached annual turnover of Rs.2.00 lakhs will be eligible for availing credit facilitation support.
- iv. Credit facilitation support to a maximum of Rs.1.00 lakh will be disbursed to the beneficiary bank account.

### **Process flow:**

- i. District level facilitation workshop will be conducted by the Deputy Director of Agriculture (Agri Business) with the support of Zonal Agri Business Specialists of ABPF for farmers, educated youth and entrepreneurs.
- ii. Potential and interested participants will be identified from the facilitation workshop by the District Deputy Director of Agriculture (Agri. Business) in consultation with Zonal Agri Business Specialist for entrepreneurship training.
- iii. Two days of intensive Entrepreneurship training will be conducted to train the selected entrepreneurs.
- iv. On successful completion of the training, the entrepreneur will be guided and supported to prepare the Business plan by Zonal Agri Business specialists.
- v. Business Plan prepared will be scrutinized by the District Deputy Director of Agriculture (Agri Business) and forwarded to TNIAMP Cell.
- vi. The business plan will be evaluated by the ABPF cell at headquarters and approved by TNIAMP cell and then sent to the entrepreneur for submitting to the bank

- vii. Bank will assess the project and give sanction to the total amount (including the back ended subsidy)
- viii. On receipt of bank sanction Deputy Director of Agriculture (Agri. Business) will release the business plan execution assistance of a maximum amount of Rs.1.00 lakh to the beneficiary loan account.
- ix. The entrepreneur who have successfully achieved the annual turnover of Rs.2.00 lakh will be eligible for availing credit facilitation support to the maximum amount of Rs.1.00 lakh
- x. District Deputy Director of Agriculture (Agri. Business) will release the credit facilitation support to the entrepreneur bank account after verifying the same through balance sheets.
- xi. Deputy Director of Agriculture (Agri Business) shall monitor the performance regularly and report to TNIAMP cell once in the 6 months.

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/By Order/

Deputy Director of Agriculture (IWM)