CHAPTER – V
GOVERNMENT & SUPPORT AGENCIES FACILITATING SUBSIDIES & INCENTIVES THROUGH BANKS

- Introduction:
  1. District Industries Centre
  2. Directorate of Industries
  3. Industrial Development Corporation (IDC)
  4. State Financial Corporation (SFC)
  5. Small-Scale Industries Development Corporation
  6. Khadi and Village Industries Commission (KVIC)
  7. Technical Consultancy Organisation (TCO)
  8. Small Industries Service Institute (SISI)
  9. National Small Industries Corporation (NSIC)
  10. Small Industries Development Bank of India (SIDBI)
  11. State Other Backward Classes Finance and Development Corporation
  12. Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal

- Schemes for IBE Development & Employment Generation
  i) Swarna Jayanti Gram Swarojgar Yojna (S.G.S.Y.)
  ii) Financial Assistance to Self Help Groups (SHGs):
  iii) Prime Minister's Employment Generation Programme
  iv) Kissan Credit Scheme (KCS):
  v) Rural Employment Generation Programme (REGP)
  vi) Package Scheme of Incentives (PSI)
  vii) State Other Backward Classes Finance and Development Corporation
  viii) Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal
  ix) District Industries Centres (DICs)

- Why the Govt., Bank or Support Agencies should finance IBEs?
- Problems in Availing finances:
- Subsidies and Incentives by Banks:
- Incentives Granted By the Government:
- Percolation of Benefits under Incentive Schemes:
CHAPTER – V
Government & Support Agencies facilitating Subsidies & Incentives through Banks

Introduction:

"Banking is an essentially meant for servicing trade, commerce and industry. The banks are more often than not occupied in the three major types of services, viz. (i) Mobilization of deposits from the particular local vicinities and ancillary services to depositors (ii) Lending of funds to a wide array of business, industrial, economic and personal activities of entrepreneurs like traders, merchants, industrialists to secure maximum come back on their advances. (iii) As a catalyst, pass the finances of the Govt. or support agencies under Various Schemes, Subsidies, Incentives & Concessions to a wide array of business, industrial, economic and personal activities of entrepreneurs" (vide chapter No, page 1.1)

This chapter concentrate on (iii). The Govt and other support agencies have sponsored the various financial assistance schemes for IBEs; some significant of them are explained in the chapter. The Bank Borrowings, subsidies, Incentives, and hire-purchasing finances are either routed through the banks or facilitated by the banks on their own for the development of business of IBEs. "The entrepreneurship development" movement is primarily based on the belief that people can accept entrepreneurship as a career. In order to accelerate the speed of self-employment and entrepreneurship development, various institutions and organizations were established by the government. These institutions and organizations cater the business needs and requirements of the entrepreneurs particularly the 'First Generation Entrepreneurs’. The execution of these schemes is necessarily through the bank of IBE. Many times the bank acts as a promoter, councilors or advisor. Thus directly or indirectly it helps the development of entrepreneurship

The discussion on the various support institutions financing IBE from the Central as well as at the State level is made in the chapter. These agencies are working through the bank and assist the development of entrepreneurship
and hence their role is evaluated in the chapter. The bank has a responsibility to take care of all such funds that has been routed through it.

1 District Industries Centre

To initiate the process of industrial development in each district, the Central government established District Industries Centers (D I C) in each district of the country. D I C functions under the Directorate if Industries. Each DIC is headed by a General Manager, who is assisted by managers to look after the following activities,

a. Economic investigation
b. Plant and machinery
c. Research, education and training
d. Raw materials
e. Credit facilities
f. Marketing assistance
g. Cottage industries

a) Objectives of DIC

1 Accelerate the overall efforts for industrialization of the district.
2 Rural industrialization and development of rural industries and handicrafts.
3 Attainment of economic equality in various regions of the district.
4 Providing the benefit of the government schemes to the new entrepreneurs.
5 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.

b) Functions of DIC

i) Act as the focal point of the industrialization of the district.
ii) Prepares the industrial profile of the district with respect to:
   a. Statistics and information about existing industrial units in the district in the large, medium, small as well as co-operative sectors
   b. Opportunity guidance
   c. Compilation of information about local sources of raw materials and their availability d. Manpower assessment with respect to skilled, semi-skilled workers
   d. Assessment of availability of infrastructure facilities like quality testing, research and development, transport, prototype development, warehouse, etc
iii) Organize entrepreneurship development training. Provides information about various government schemes, subsides, grants, and assistance available from the other corporations set up for promotion of industries.

iv) Gives SSI registration

v) Prepares techno-economic feasibility report

vi) Advises the entrepreneurs on investments

vii) Acts as a link between the entrepreneurs and the lead bank of the district

viii) Implements government schemes for educated unemployed people, PMRY scheme, Jawahar Rojgar Yojana, etc.

ix) Helps entrepreneurs in obtaining licenses from the Electricity Board, Water supply Board, No objection certificate, etc.

x) Helps the entrepreneur to procure imported machinery and raw materials

xi) Organizes marketing outlets in liaison with other government agencies.

c) District Industries Loan Scheme

Eligibility

i) Age: Applicant’s age should be between 18 to 35 years. However, relaxation up to age of 45 years is given to SC/ST, Woman, Ex-Servicemen and disabled applicants.

ii) Educational Qualification: - Minimum 8th Std passes. Priority will be given to those who completed training minimum for 6 months in Govt. recognized institutions Like I.T.I

iii) Family Income: - The annual income of the applicants should not exceed Rs.40000/- from all sources (family consists applicant's spouse, parents & dependent children).

iv) Residence:-He must have resided continuously in the district for 3 Yrs.

v) Project Cost :- For business activity Rs.1.00 lac, Other than business Rs. 2.00 lacs

vi) Subsidy:- will be 15 % of the project cost, Maximum Rs. 7500/- per individual

vii) Loan, Margin:- Margin will be ranging from 5 % to 16.25 % calculated in such a manner that margin and subsidy put together should be equal to 20 % of the project cost. The UCB loan will be 80 % of the project cost. The subsidy will be back-ended.

viii) Activities:- Any economically viable

ix) Security. No collateral security should be insisted for loans up to Rs.1.00 lacs; however, it can be stipulated for loans over Rs.1.00 lac.

x) Training:-All applicants must be given training before disbursement of loan.
xi) Repayment: The repayment of the loan ranges from 3 to 7 years in suitable installments, excluding moratorium period.

xii) Interest: As per existing norms.

xiii) Refinance: Refinance is available from SIDBI / NABARD.

xiv) Defaulter: The applicant should not be defaulter of any financial institution.

2 Directorate of Industries

The Directorate of Industries is established at a state level under the Ministry of Industry, Power and Labor. The Development Commissioner is the head of the Directorate. He is assisted by the Additional Commissioner, Additional Director and joint Directors. For the administrative purpose, the state is divided into Divisions/Zones.

Functions of the Directorate

- Implementation of the industrial policy of the government.
- Promotion of the industrial development is the state and accelerates the speed of implementation of various industrial projects.
- Establishment of cooperative industrial estates.
- Helping and rehabilitating the sick industries.
- Development of rural industries.
- Export promotion.
- Registration for the small-scale units
- Procurement on and, water, electricity for the small-scale sector.
- Provision of financial assistance to industries.
- Helping the small-scale units in procuring plant and machinery, scarce raw materials and machinery.
- Training to new entrepreneurs.
- Coordination between various government departments and committees established for the promotion and development of small-scale industries.
- Implementation of the various financial schemes, subsidies and grants for small scale industries.
- Promotion and development of agro-industries.
- Compilation of statistics related to industry, trade and commerce Marketing assistance.

Initially, all the functions related to promotion and development of new industries and small entrepreneurs were assigned to the Directorate of
Industries. But, to accelerate the speed of implementation of the scheme and enhance efficiency, the government has established separate corporations like SSIDC, IDC, SFC, etc. These corporations function under the directives of the Directorate of Industries.

3 Industrial Development Corporation (IDC)

Land is an important factor of production. The prices of land are very high and beyond the reach of a common man. People face innumerable difficulties and delays in obtaining power connection, water supply, telephone connection in remote places from the city. This inhibits the growth of industries. Particularly, the new entrepreneurs are frustrated while doing this exercise for all these facilities. In order, to assist the entrepreneurs in acquiring land for their industrial units, the government has initiated the industrial development corporation (IDC).

The IDC is a state-level organization which is established in every state. For example, in Maharashtra, it is known as MIDC; in Gujarat it is known as GIDC, etc. The IDCs have acquired land on the outskirts of the cities and at taluka places. The IDCs provide open plots of land, constructed galas and sheds as per the requirements of the entrepreneurs.

Objectives of IDC

i) Initiating industrialization in the economically backward regions of the state

ii) To create a network of industries all over the state by facilitating land and premises to the entrepreneurs

iii) To promote economic equality and decentralization of economic growth in specific regions

iv) To facilitate infrastructure to entrepreneurs and to speed up the industrial growth of the state

To achieve these objectives, IDC provides road, power, water, street lighting, drainage and sewage disposal, post and communication, police station, security, fire brigade and other common facilities in the IDC zones. If the industrial unit is located in IDC, it is easier for an entrepreneur to obtain
loan from the financial institutions for the purchase of plot of land, shed or gala.

An entrepreneur can obtain plot of land or shed in IDC for following purposes:

i) To establish small, medium or large-scale units.

ii) Expansion of the existing unit

iii) To establish industrial units which are prohibited to be established elsewhere but are demarcated in a specific area. For example, chemical industries

iv) To change the place of the unit

v) To start the supplementary service industries like banks, hotels, petrol pumps, weigh bridges etc...

i) To obtain a plot of land in IDC an entrepreneur has to fulfil the following requirements:

ii) Purchase the required (white) form from the nearest DIC or the office of the IDC

iii) Fill up the form and answer the queries mentioned in the form.

iv) Attach copy of the project profile along with the form.

v) Attach Demand Draft for the required amount with the form. The DD is to be addressed to the Chief Executive Officer, IDC

vi) Obtain a receipt of submission of the form from the concerned IDC office for further correspondence

vii) If the entrepreneur has completed all these formalities and if the plot of land is available in IDC, he will get the offer letter from the IDC within 15 days from the submission of the form

viii) The entrepreneur has to pay the advance amount (50% of the cost of the plot) by DD in the IDC office

ix) After receipt of the advance, within two weeks IDC gives the allotment letter to the entrepreneur.

x) Within 30 days, entrepreneur has to pay the remaining amount of money

xi) After full payment is received by IDC, an agreement is signed and the possession is given to the Entrepreneur.

*Industrial estate*

Industrial estate is a group of industrial galas or units constructed with a minimum cost at a place where infrastructure facilities like bank, post,
transport, roads, power, water, etc, are available. There are five categories of
industrial estates:

a. government industrial estates  
b. municipal industrial estates  
c. functional industrial estates  
d. cooperative industrial estates  
e. private industrial estates

4 State Financial Corporation (SFC)

Finance is another important factor of production. The easy availability
of financial resources is an impetus for the speedy development of industries.
Particularly, new entrepreneurs have a severe problem of dearth of capital. To
overcome this hurdle in the industrialization of the country, the government
has established State Financial Corporations (SFC) in each state according to
the provisions of “State Financial Corporations Act, 1951”.

SFC is one of the pioneering corporations established to fulfill the
financial needs of the small and medium scale industries. The prime objective
of SFC is to cater to the long-run financial requirements of the entrepreneurs.
It gives long-term loans for the purchase of fixed assets like land, building,
machinery, and equipment. Loans are given for the new industrial units as well
as for the modernization of the existing units. Loans are not given for the
repayment of the working capital. Recently, SFC gives financial assistance for
the repayment of working capital worth Rs.10 lakhs. For this purpose the total
project cost limit is Rs.20 lakhs.

Industrial units entitled for the loans from the SFC are…

a. Proprietary concern  
b. Partnership concern  
c. Hindu undivided family  
d. Private limited company  
e. Public limited company  
f. Registered cooperative society
According to the SFC Act, loans are given to the industrial units engaged in manufacturing, preservation of perishable products, mining, hotel industry, testing, repairing and assembly of any type of machinery and vehicles for the passengers and goods transport by road or by sea.

In the service industry sector, units engaged in activities like analytical and testing laboratories, repairing of television, repairing and maintenance of air conditioners, computer services (excluding computer training classes), tourism related entertainment and cultural centres, hotels, tourism services, video recording studio, weighbridges, salt manufacturing, chicken meat production, stone crushing and coal manufacturing for domestic use.

SFC has identified a certain group of beneficiaries for financial assistance. Important beneficiaries are listed below:

- General loan scheme for the technically and feasibly viable projects.
- Purchase of machinery
- Modernization
- Quality standardization and testing facility
- Medical professionals
- Hospitals and nursing homes
- Small nursing homes and diagnostic centres.
- Ex-servicemen
- Women entrepreneurs

5 Small-Scale Industries Development Corporation (SSIDC)

Small-Scale Industries Development Corporation is a state level corporation. It caters to the marketing requirements of the small-scale entrepreneurs.

Functions of SSIDC

- Assists entrepreneurs in identifying products and preparing project reports
- Organizes entrepreneurship training programmes
- Supplies scarce raw materials at reasonable rates by procuring these materials in a bulk quantity from their main suppliers
- Arranges imported raw materials
- Provides credit facilities for raw material supplies
- Arranges for marketing assistance to products manufactured by small entrepreneurs
• Participates in the exhibitions to promote the products of the small entrepreneurs
• Arranges exhibitions of handicrafts to promote village and cottage industry
• Provides permanent display, exhibition and sale facilities for small entrepreneurs

6 Khadi and Village Industries Commission (KVIC)
As per the provision of a Special Parliamentary Act 1956, the Government has established Khadi and Village industries Commission.

Objectives of KVIC
• To preserve the traditional arts and crafts in India.
• To equip the artisans and craftsmen to take up the challenges of the modern market.
• To promote the handicrafts, khadi, village and cottage industry by facilitating them with the necessary inputs like raw materials, equipments, capital, etc.
• To develop a market for these products
• To introduce the products even in the international market

To achieve these objectives, the following schemes are provided by KVIC
i) Financial assistance for purchase of land. Building, workshop, shed, machinery and equipment at 4% rate of interest.
ii) Working capital provision
iii) Equity capital
iv) Loan provision for purchase of raw materials
v) Marketing avenues and selling centres for the products of artisans and craftsmen
vi) Subsidies for the registered societies of artisans and craftsmen belonging to scheduled castes, scheduled tribes, ex-service men, women, etc.

In addition to these schemes, KVIC provides various facilities for cottage industry like integrated village development programme, special beneficiary schemes, silk industry development scheme, interest subsidy scheme, artisans employment guarantees etc. The government has defined “Gramodyog” (village industry) as
i) Population of the village should not be more than 10 thousand people
ii) investment in the place of products, machines and equipment should not exceed Rs. 50 thousand
iii) Manufacturing can be done either with power or without power.

It has approved nearly 96 industries under the preview of the KVIC. These industries are grouped under the following categories:

1. Material based industries
2. Industries based on products from forests

7 Technical Consultancy Organisation (TCO)

Technical Consultancy Organisation plays a crucial role in the industrialization process of the state. The TCOs are organizations established by the state governments. The primary objective of the TCO is to furnish industrial and technical consultancy to the entrepreneurs. The TCO is sponsored by national and state level financial institutions and banks like ICICI, IDBI, IFCI, CICOM, FC, SIDC, SSIDC, commercial banks, etc.

Functions of TCO

- Prompt advice to the small-scale entrepreneurs about the technical aspects and
- Quality enhancement of their units
- Encouragement, assistance and technical consultancy for promoting new entrepreneurs
- Advice and consultancy about industrial management
- Avail the technical know-how and expertise at reasonable rates
- Preparation of project reports and project profiles
- Survey work in the field of power needs, modernization of the plant, sick industries and conducting survey on behalf of central and state governments
- Opportunity guidance and product selection
- Market survey
- Project launching, installation, supervision
- Expansion of the unit
- Training to new entrepreneurs
- Technical collaboration and transfer of new technology
- Nursing of the new units and sick units
Productivity studies for improvement in quality, delivery, schedule and reduction manufacturing expenses.

To create a data base for industries

8 Small Industries Service Institute (SISI)

Small Industries Service Institute is a national level organization established by the Central government. At the state level, SISI functions under the Director assisted by Deputy Directors.

Functions of SISI

i) Technical information

SISI provides information about the supply and the availability of raw materials. It gives technical information about the machines and equipment. Technical know-how about the process of production, quality testing and standardization of products, modernization and preparing product design are other services provided by SISI.

ii) Workshop

SISI has a well-equipped workshop which provides services to entrepreneurs at reasonable rates. Jobs related with machine shops, heat treatment, hardness testing are carried out in these workshops. The main motive of the workshop facility is to improve the quality of the products.

iii) Technical training

SISI provides technical training to the workers employed in the various industrial units as well as the entrepreneurs in order to improve standards of quality and labour. In the extension centres of SISI, training is provided for machine shop practice, milling, heat treatment, blueprint reading, etc.

iv) Economic investigation division

SISI collects and compiles statistical information regarding various aspects concerned with the establishment and development of small industries. Important aspects are demand and supply scenarios for different products, investment, raw material, etc. this division prepares review reports on the items reserved for the small-scale industry. The study of sick industries is also undertaken by this division. In such studies, SISI tries to identify the causes of the sickness of the smooth working of these units.

v) Export promotion
SISI plays a significant role in the efforts regarding export promotion. A special arrangement is made to provide information about exporting the products. On behalf of the small entrepreneurs, SISI participates in international exhibitions and promotes the products in the foreign markets.

vi) Modernization
SISI guides the entrepreneurs in the quality upgradation, modernization and improvement of productivity.

vii) Development of the market
SISI acts as a link between the tiny and the small industries and the medium and the large-scale industries. It provides information about the products and the services of the small entrepreneurs to the requirements of the large industries. Thus, it bridges the small industries with the large industries and tries to develop the market. Many of the products manufactured by the small industries are purchased by the large industries.

viii) Library
SISI has a huge collection of books, journals, magazines, newspaper clippings etc. It provides valuable services to small entrepreneurs through its well-equipped library. It has a collection of hundreds of project reports. Entrepreneurs can use these readymade project reports at reasonable rates.

ix) Exhibition
A permanent exhibition is arranged by SISI in its office premises. SISI exhibits products manufactured by small entrepreneurs. The exhibition is free of cost. Thus, SISI provides multifarious services to the small entrepreneurs.

9 National Small Industries Corporation (NSIC)
National Small Industries Development Corporation is a national level institution. It was set up in 1955 as Central Government undertaking. The main aim of NSIC is to fulfill the requirement of machinery and equipment for the development of small entrepreneurs. It is observed that the main constraint faced by the entrepreneurs is the dearth of investible funds to purchase
machinery and equipment. Dearth of finance deprives many new entrepreneurs from entrepreneurial opportunities.

NSIC is established to cater to this need of the entrepreneur. NSIC provides plant, machinery and equipment on a hire-purchase basis. Under its special scheme, entrepreneurs can procure indigenous as well as imported machinery. But the scheme does not include second hand: machinery and machinery costing less than Rs.1000. NSIC also assists the entrepreneurs in procuring government orders for various items of stores. The prescribed application forms are available in all, offices of NSIC, SISI and DICs. Depending upon the cost of the machinery, an entrepreneur has to pay an application fee of Rs.50 to Rs1000. the processing fee is 2% to 5% of the cost of the machinery. Service fee depends upon the location of the unit. Discrimination is made between the units located in industrially developed regions and the units of scheduled castes, scheduled tribes, and persons with disabilities, ex-servicemen and women. The cost of the machinery is to be repaid in 13 equal installments. In some cases, the cost is to be repaid in 9 installments. New entrepreneurs are given special incentives. They can pay the first installment after 18 months from the date of contract with NSIC. The rate of interest charged by NSIC is usually 16 to 21 percent. For imported machinery, an entrepreneur has to abide by the provisions of the import policy of the government. Entrepreneurs have to secure a license for such imports. In special cases, entrepreneurs have to prepare prototypes of the machines.

10 Small Industries Development Bank of India (SIDBI)

Small Industries Development Bank of India was established in 1990 as a development bank exclusively for the small-scale industries. It is a Central government undertaking. The prime aim of SIDBI is to promote and develop small industries by providing them the valuable factor of production, finance. Many institutions and commercial banks supply finance, both long-term and short-term, to small entrepreneurs. SIDBI coordinates the work of all of them.
Financial assistance scheme of SIDSI

The main obstacles and problems in the growth of industrial units are the paucity of primary infrastructure, unavailability of suitable market for selling the products, working capital requirement and difficulties arising out of the delays in receiving the bills. Considering these problems, the following provisions are included in the various schemes of SIDBI…

- Loan assistance to the institutions providing market or marketing avenues to the small entrepreneurs.
- Loan assistance to ancillary units and also for modernization and upgrading technology
- Loan assistance to institutions providing primary services and infrastructure and developing the growth centres.
- Loan assistance to NSIC.
- Loan assistance to private companies which function on rental basis or contract basis.

Nature of the loan assistance scheme is:

- Refinance to SSIDCs which supply raw material to small units and provide them market avenues.
- Bill discounting facility
- Refinance for loan given by state level institutions and banks under the single window system for fixed capital and working capital.
- Refinance of loan given to certified professional and self-employed people for businesses like small clinics and hospitals, nursing homes, development of tourism, etc.
- Refinance for loan given by banks and concerned institutions for new projects, expansion and modernization of existing units, quality improvement and rehabilitation of the units.
- Similarly, SIDBI provides assistance to women entrepreneurs and ex-servicemen under its various schemes.

11. State Other Backward Classes Finance and Development Corporation

State Other Backward Classes Finance and Development Corporation is a Government of Maharashtra undertaking Company under Social Justice, Welfare, and Cultural Affairs Department. The Corporation has been established on 25.09.1998 with the objective of economic and development activities for the benefit of Other Backward Classes in the state and to the assist the weaker section of the target group in skill development and self-
employment activities. The authorized Share Capital is Rs. 50.00 crores and Paid up Share Capital is Rs. 17.87 cores as on 31.08.2004.

The State Government has appointed this Corporation as a state-channel-zening agency for implementing the schemes of National Backward Finance and Development Corporation (NBCFDC). State Government has sanction Block Government Guarantee of Rs. 75.00 crores for obtaining loan from NBCFDC for disbursement to the beneficiaries under various schemes of the Central Corporation

Schemes:-

i) Term Loan:
Under this scheme, the project cost is Rs. up to Rs. 5 lacs out of which 85% loans is sectioned by the Central Corporation, 10% State Corporation and 5% beneficiaries. However, as per the guidelines of the Central Corporation 75% proposals are to be sanctioned having project cost up to Rs. 50,000/- and 25% proposal should be sanctioned having project cost from Rs.50, 000/- to Rs. 5 lacs

ii) Margin Money Schemes:
Under this scheme 50% is Bank loan, 40% is Central Corporation Loan, 5% each is from State Corporation and beneficiary and project cost is Rs. up to 5 lacs. Rate of interest for the 40% Central Corporation loan between 6% and State Corporation loan carry the rate of interest @ 6% and Bank charges their Rate of interest as per their terms and conditions

iii) Micro finance:
Under this Scheme Non-Governmental Organizations which have established the Self Help Groups (SHG) are granted loans up to Rs 5 lacs for disbursement of SHGs. The NGO is expected to distribute this loan to the members of the OBC, the upper limit per beneficiary is Rs.20,000/-. The loan is granted to the NGO @ 5% and NGO is expected to grant the loan to SHG @ 9%. The loan is repayable within 36 months.
iv) Mahila Samrudhi Yojana:-

Under this scheme the loan is sanctioned to Self Help Group up to Rs. 5 lacs for disbursement to the 20 members of Self Help Group. The maximum limit to per member is Rs. 25,000/-. The loan is granted to the members of SHG @ 4% p.a.

v) Swarnima Scheme:
With a view of empowerment of the women, Central Corporation has introduced this scheme from the current financial year. Under this scheme women having income upto the below poverty level are sanctioned loans up to Rs. 50,000/- for small activity, which carry the interest @ 4% only. The women beneficiaries are not require to contribute 5% and repayment period 2 year more than the normal scheme.

vi) Education Loan:

The scheme was introduced during last year. Under the scheme education loan is sanction to beneficiaries of the Corporation who have secured admission in the professional courses e.g. Health Sciences, Engineering, Computer, Management etc in the institutions which have been approved by the Central Councils. The Maximum Loan p.a. is Rs. 75,000 and Maximum Amount of Loan is Rs. 3 lacs which carry interest @ 4%. The loan is repayable after 6months of the completion of the course in 5 years' period.

vii) Seed Money Scheme

In addition of Central Corporation schemes, the Corporation is also implementing Seed Money Scheme in collaboration with the Scheduled and Nationalized banks. Under this scheme loan upto Rs. 5.00 lakhs is sanctioned out of which 5% is to be contributed by beneficiaries, 20% is Seed Money Loan @ 6% and 75% is bank loan as per the terms of priority sector lending. Under this scheme the Corporation has so far sanctioned loan to 3484 beneficiaries from June 2000 to September-2004. The amount of the loan is Rs. 6.51 crores. Taking into account the bank loan the 3484 beneficiaries have received approximately Rs. 30.00 crores.
Utilization:-

The Central Corporation schemes are being implemented from July 2001. Since July 2001 to January-2008, the Corporation has sanctioned the loan under various schemes to 21405 beneficiaries. The amount of loan sanctioned under Central Corporation Schemes is 92.76 crores. Out of this amount of the NBCFDC loan Rs 77.13 crores have been disbursed to 13117 beneficiaries. The details are as under. Similarly the Corporation has availed the facility of training to 472 beneficiaries and it is proposed to cover about 1000 beneficiaries during the current financial year.

12. Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal

An authorized Share Capital of the Corporation is Rs.50.00 Crores. Out of the said capital Rs.17.87 Crores is paid up capital. The Corporation works for the Welfare of OBC people of the State and Finance at soft interest rate for the self-employment and capacity building of the poor people of OBC community of the State.

The Corporation works as State Chanalling Agency (SCA) of the National Backward Classes Finance and Development Corporation (NBCFDC).

The Corporation has its own offices at all the 35 Districts of the State and has employed 3 employees in each district i.e. District Manager, Accountant and Recovery Inspector.

Schemes of the Corporation –

i) 20% Seed Money Scheme of State Corporation:-

The Corporation implements this Scheme through lead Banks. Under this Scheme the maximum loan amount is Rs.5.00 lakh and finance structure is as
under 20% share of State Corporation – 75% Bank's Share & -5% Beneficiary's share.

ii) Schemes of NBCFDC:-

As mentioned above, the Corporation works as SCA of National Corporation. The Schemes of National Corporation viz. General Loan Scheme, Micro Finance & Mahila Samrudhi Yojana are implemented by the Corporation.

**Criteria for a Beneficiary**

- Beneficiaries should belong to other backward class.
- Should be a domicile of Maharashtra State.
- Age should be between 18 and 50 years.
- Should not a defaulter of any of the banks, Corporations or any financial organization.
- Beneficiary from rural area should have an annual income in the limit of Rs. 40000.
- Beneficiaries from urban area should have an annual income in the limit of Rs. 54000.
- Only one person per family can take the benefit of the loan facility.
- Beneficiary should have knowledge and Experience of the occupation which is selected for loan.

Loan terms and conditions should be as per the Corporation

**Documents to Be Submitted With Application**

- Attested copy of the income certificate certifying that the applicant does not fall above the required limit.
- Caste Certificate, Ration card and passport size photograph.
- Two Guarantor's certificates.
- No Objection Certificate of local licensing body.
- Affidavit stating that applicant will be using the loan amount for the purpose specified.
- License required for Technical Business.
- Project report for the applied occupation and rate list of Raw material and Equipment required for the business stated.
• Note:- Applicant should attach attested copies of the documents and not the original copy

The applicant must submit the form duly filled in triplicate at the District Office.

**Expectations of the Corporation from Beneficiaries**

• Corporation's loan should be utilised only for the work it is intended for.
• "With the Financial Aid from MSOBCFDC" should be displayed at the place of work on an easily visible board
• The information about the Corporation's loan-schemes should be made publicly available to other beneficiaries
• Only minimum required loan amounts should be demanded
• There should be no competition with the established beneficiaries
• Liability-free business should be carried on by early repaying the loans

Utilize the profits for expansion of business by full repayment of loans before the term expires

**13. Other Support Agencies**

*a) Entrepreneurship Development Cell (EDC)*

The Entrepreneurship Development Cell (EDC) scheme was initiated to develop institutional mechanism to create entrepreneurial culture in S & T academic institutions and to foster techno-entrepreneurship for generation of wealth and employment by S & T persons. The EDCs are established in academic institutions (science, colleges, engineering colleges, universities, management institutes) having requisite expertise and infrastructure.

The mission of the EDC Scheme is to “Develop institutional mechanism to create entrepreneurial culture in science & technology academic institutions to develop technocrat entrepreneurs for generation of wealth and employment”.

**Objectives of the EDC:**

• To act as an institutional mechanism for providing various services including information to budding S &T entrepreneurs.
5.21

- To create Entrepreneurial culture in the Parent Institution and other institutions is the region and to promote the objectives of NSTEDB, including programmes related to women and weaker sections of the society.

- To foster better linkages between the Parent institution, Industries and R & D institutions in the region and other related organisations engaged in promoting Small & Medium Enterprises (SMEs) including NGOs and other Voluntary Organisation.

- To catalyze and promote development of S & T based enterprises and promote employment opportunities.

- To respond effectively to the emerging challenges and opportunities both at national and international level relating to SMEs and micro enterprises.

Science and Technology Entrepreneur’s Park: Science parks and similar initiatives create an atmosphere for innovation and entrepreneurship for active interaction between academics & industries, for sharing ideas, knowledge, experience and facilities for the development of new products and services and their rapid transfer to the end users. About 15 Steps have been set up by the Department in various technical institutes of the country. Some of the successful Steps are located at NIT Trichy, SJCE Mysore, PSG-College of Technology, Coimbatore and IIT Kharagpur. Each STEP has essentially the following features:

- Has formal and operational links with a University, other Higher Education Institution or Research Center.

- Is designed to encourage the formation and growth of knowledge based and technology led businesses and other organizations normally resident on site.

- Has a management function which is actively engaged in the transfer of technology and business skills to the organizations on site.

**b) Technology and Business Incubator** A TBI is a recent initiative which has already been experimented successfully the world over to bolster economic development by stimulating growth of technology and knowledge based enterprises and generation of value added employment. A TBI helps in incubating knowledge based start-ups into sustainable businesses by providing specialized guidance, critical support services, innovative financing and
networking support within a well equipped work space. As compared to STEP, a TBI is more service oriented with emphasis on value added services. Over 15 TBIs have been established by the Department in several Institutions of excellence including IIT Bombay, IIM Ahmedabad, National Institute of Design-Ahmedabad, BITS Pilani and ICRISAT Hyderabad in well identified thrust areas.

c) The National Science & Technology Entrepreneurship Development Board (NSTEDB), established by Government of India in 1982 is an institutional mechanism, with a broad objective of promoting gainful self-employment amongst the S & T manpower in the country and to setup knowledge based and innovation driven enterprises.

The Board functions under the aegis of Department of Science & Technology. It has representation from socio-economic and scientific Departments / Ministries, premier entrepreneurship development institutions and all India Financial Institutions.

The major objectives of NSTEDB are:

- To promote knowledge based and innovation driven enterprises.
- Facilitate generation of entrepreneurship and self-employment opportunities for S & T persons.
- To facilitate the information dissemination.
- To network various Central & State Government agencies for S & T based entrepreneurship development.
- To act as a policy advisory body to the Government agencies for S & T based entrepreneurship development
- To generate employment through technical skill development using S & T infrastructure

Schemes for Development of Entrepreneurship & Employment Generation

It is seen from the forgoing text that there has been a number of institutions engaged in the task of development of entrepreneurship. The
following pages delineates features of some of the salient schemes which are being carried out in the Beed district with the help of banks

1. Swarna Jayanti Gram Swarojgar Yojna (S.G.S.Y.)

The Ministry of Rural Development Govt, of India have launched a new programme, Swarna Jayanti Gram Swarojgar Yojna and discontinued IRDP, TRYSEM, GKY, MWS

The SGSY is operative in the rural areas of the country and covers all aspect of self employment such as organization of the poor into SHG training, Credit, technology, and infrastructure and marketing. The scheme is implemented by commercial Bank, Regional Rural Bank, Urban Co-Op Bank, other financial institutions. The Panchayat Raj institution, DRDA, NGOs, and Technical Institutions are part of planning, implementation and monitoring of the schemes. SGSY aims at establishing large number of micro enterprises in the rural areas by the BPL families. The objective of the scheme is to bring assisted family above the BPL within three year by providing them income generating assets through credit and subsidy coupled with training and technology.

The assisted family is known as Swarojgari can be either individual of group to be selected by a team of B.D.O., bank and Sarpanch. There is minimum target of 50 % SC/ST, 40 % of women, and 5 % disabled. The overall target is to bring 30% BPL families to APL in 5 years.

Under the SGSY scheme all the Bank are ready to finance .However very few got the benefit of the same due to the following reasons as found in the experience survey as ahead . Out of the total borrowers of Bank surveyed

- 68% did not have the knowledge of the scheme or know little
- 12% took the benefit of getting the loans but could not use it properly
- 6% diverted the loan so obtained
- 4% complained about mal practices of officials
- Many had to get the help of middlemen
2. Financial Assistance to Self Help Groups (SHGs):

Despite massive branch expansion of Commercial Bank, RRBs and Co-operative Bank in rural areas, hardly 30% for rural population have been covered by these credit institutions. The assistance is in fact restricted to the cultivator households. SHGs is an emerging area including access to the rural poor who have been benefited by various Govt. Supported Poverty alleviation Programmes. Hence SHG’s commence its health, education of children, social function etc. The members of the Group consist of Marginal farmers, petty rural artisans, and agricultural laborers etc. mostly belonging to socially and economically backward strata of village population. Such group emerge out of their genuine need and works on the principle of helping each other.

Initially about 15 to 20 poor rural villagers come together and form an informal group. They save small amount regularly on weekly or monthly basis. The corpus fund thus collected is used for financing among themselves for urgent domestic or consumption needs. The group members discuss among themselves credit worthiness, need and requirement of exact amount, urgency and possibility of income and the repayment of the loan passage of time and after the members gain confidence, they shift towards production needs income generating activity like crop loans, purchase of milk animals, sheep, goats, silk worm or backyard poultry etc. At this stage UCB may finance to SHGs augment their funds need.

While financing SHGs, Bank should confirm that

- The groups formed should be of rural poor, marginal farmers, landless labors etc., and preferably of women households.
- SHGs members should preferably have homogenous background and interest.
- The group size should not be more than 20.

The members should have been in active existence for at least six months before financing. The members should build their corpus fund through their regular saving, savings, should be decided by the members themselves. The group should have been maintaining proper records and books of accounts. The group should have opened saving Bank a/c with the branch in the name of
SHG with proper instruction about operation of the a/c. The members of SHG should not have willful default of any financial institution.

The group should have its own laws. The rate of interest is to be charged to SHG group as per RBI norms.

**Advantage of Financing to SHGs:**

- Transaction cost of the UCB is reduced considerably, as it has to maintain single account,
- Since it is homogeneous group, due to group pressure, utilization of loan is proper. Further there will be follow up on the part of other group members for proper utilization of loan and its repayment. Hence repayment in SHG loan a/c is almost 100 %
- Due to involvement of NGOs, sahayoginies etc. the SHG members are meeting regularly and discussing their loan problems and there is lot of social awareness among the rural people.

While forming the SHGs care should be taken to select the group leader only after the group is formed. Any reverse process is likely to create vested interest in the leader in selecting members of his choice with whole idea of cornering the benefits of UCB credit at later date. The leader should be from the same village to have local ceiling. The group leader should be a link between Bank and SHG. The rate of interest to be charged to the members for availing loans will be decided by the group. Care should be taken to ensure that the members do not borrow from outside sources to meet the contribution to group fund or repayment of loan availed from the group.

3. **Prime Minister's Employment Generation Programme (PMEGP):**

(Prime Minister's Rojgar Yojana i.e. PMRY)

i) **Ministry of Micro, Small and Medium Enterprises (MoMSME)** has launched a new credit linked subsidy programme called Prime Minister’s Employment Generation Programme (PMEGP) on 61st anniversary of Indian Independence 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 MSME.
ii). The subsidy levels, the cost limit of projects or units that could be established under PMRY which was extended to rural areas as well in 1994-95, were quite low and unattractive compared to those available to the beneficiaries in REGP. While the maximum subsidy admissible was Rs.12500 and the maximum cost of project that could be established was Rs.5 lakh under PMRY, the maximum subsidy that was admissible was Rs.4 lakh and the maximum cost of project that could be established was Rs.25 lakh under REGP for a beneficiary belonging to General category. There were more attractive programmes for creation of self employment opportunities being operated by many State Governments. Recovery rates of loans under PMRY were also considerably less than those under REGP. PMEGP improves upon the subsidy levels and cost limits of projects compared to those available so far under PMRY and ensures that the attractiveness of REGP is not diluted in any way while simultaneously strengthening the selection process, implementation and monitoring mechanism.

iii). the subsidy levels under PMEGP are as under:

<table>
<thead>
<tr>
<th>Categories of beneficiaries under PMEGP</th>
<th>Owner’s contribution</th>
<th>Rate of Subsidy (of cost of Project)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>10%</td>
<td>Urban 15% 25%</td>
</tr>
<tr>
<td>Special (including SC/ STs/ OBCs/ Minorities/ Women, Ex-servicemen, Physically Handicapped, NER, Hill and Border Areas)</td>
<td>05%</td>
<td>25% 35%</td>
</tr>
</tbody>
</table>

iv). The upper limit of the cost of project that could be setup in the manufacturing sector is Rs.25 lakh while that in the business/service sector is Rs.10 lakh. There are no ceiling limits of annual income in respect of beneficiaries while a minimum educational qualification of VIII standard pass will be required for beneficiaries in respect of projects costing more than Rs.10 lakh in manufacturing sector and more than Rs.5 lakh in business/service sector. The beneficiaries would be identified, inter alia, with the help of Panchayats, Special Awareness Camps and will be provided with a mandatory Entrepreneurship Development Programme (EDP) training of
duration of two to three weeks. The scheme envisages electronic tracking of applications, 100 per cent verification of projects/units that will be established and model project profiles have been updated in association with banks. The scheme will be implemented at the national level through Khadi and Village Industries Commission (KVIC), an organization created under an Act of Parliament reporting to MoMSME which will place the funds of Government subsidy with the participating banks which in turn will disburse the same to the beneficiaries on receipt of applications and their own contribution ‘upfront’ in accordance with the guidelines of the scheme.

v). While Khadi and Village Industries Commission (KVIC) has been given the overall responsibility for implementing PMEGP at the national level, it will directly do so in respect of the targets for rural areas, as defined in the KVIC Act, through its State Offices and State Khadi and Village Industries Boards (KVIBs). Implementation of PMEGP in urban areas and other rural areas will be done through the State Governments (District Industries Centres (DICs)). The newly introduced Rajiv Gandhi Udyam Mitra Yojana of MoMSME can also be tapped for providing handholding support to the beneficiaries under PMEGP.

vii). Budget Estimates 2008-09 have provided Rs.823 crore for PMEGP which includes Rs.83 crore towards Backward and Forward linkages including EDP training, publicity, marketing support, e-tracking of applications, physical verification of projects and so on. An estimated 6.17 lakh additional employment opportunities are targeted to be generated in 2008-09. The estimated total outlay for subsidy under PMEGP is Rs.4485 crore in addition to Rs.250 crore earmarked for providing Backward and Forward linkages to the micro enterprises between 2008-09 and 2011-2012 leading to an estimated generation of around 37.38 lakh additional employment opportunities. The scheme will be got independently reviewed after two years of its implementation.

vii). The detailed guidelines of the scheme are being prepared by KVIC and will be published and also made available on website shortly. There are numerous schemes implemented by various State Government
Departments/Corporations such as Social Justice Department, Mahatma Phule Scheduled Caste Development Corporation, Vasantrao Naik VJ/NT Development Corporation, etc. Besides these departments, the Directorate of Industries through its District Industries Centres at District Level and Joint Director of Industries, Mumbai Metropolitan Region at Mumbai, implements Prime Minister’s Employment Generation Programme (PMEGP), Seed Money Scheme and District Industries Centre Loan Scheme for unemployed youth.

**Three Major Schemes**

There are mainly three schemes viz. PMEGP, Seed Money Scheme and District Industries Loan Scheme implemented by Directorate of Industries in the Beed District for unemployed youth. The brief features of these schemes are described below:

**i). PMEGP**

a) **Coverage:**

   Industry projects up to Rs. 25 Lakhs investment and service/business projects up to Rs. 10 lacs investment are eligible under the scheme. Project cost will include fixed capital (excluding land cost) plus working capital.

b) **Extent of assistance:**

   90% loan for general group and 95% for special group will be available from public sector banks, Regional rural banks, IDBI. In urban areas, 15% margin money subsidy for general group and 25% for special group will be available through KVIC. In rural areas, the margin money subsidy will be 25% to 35% respectively. Special group include SC/ST/OBC/minority/woman/ex-servicemen/physically handicapped.

**c). Eligibility:**

- Any individual, above 18 years of age
- 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 have 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

d) Implementing Agencies:
In urban areas, the scheme will be implemented through DIC, while in rural areas through KVIC/KVIB/DIC all three agencies

ii) Seed Money Scheme (SMS)
The objective of the scheme is to encourage unemployed person to take up self-employment ventures through industry, service and business, by providing soft loans to meet part of the margin money to avail institutional finance. 

Eligibility: Local unemployed person or group of persons fulfilling: 1. Age Group: 18 to 50 years 2. Qualification: Std. VII passes 2. Domiciled in the state of Maharashtra for the last 15 years

Scope
- Project cost up to Rs. 25 lakhs for industry, service and business activity.
- Seed Money assistance at 15 per cent of the project cost approved by financial institutions is offered. In case of projects costing up to Rs. 10 lakhs, the quantum of assistance ranges up to 15 per cent for General category and 20% for SC/ST while OBC/NT/VT/Handicapped up to 20 per cent.
- Seed Money component up to 3.75 lakhs maximum.
- Bank loan 75% of the project cost.
- The rate of interest on seed money is 6% and if the borrower pays the repayment of installment regularly and within scheduled time, then the borrower will get rebate of 3% in interest. So he has to pay only 3% interest.
- If the installment is not repaid in time, it will attract 1% penal interest. The repayment of loan starts after three years in four yearly
installments for industry cases. In other cases repayment starts after six months of loan Availment

4. Kissan Credit Scheme (KCS):

Financing for crop production is an important activity under Agriculture Finance at present. Most of the Banks financing for crop loan various crops though separate account. The procedure of granting crop loan is time consuming and expensive, because of collection of different papers and documentation for each crop loan account. Keeping in mind the above aspects, the Finance Minister in his budget speech for the year 1998-99 has stated that NABARD would be asked to formulate scheme of Kissan Credit Scheme(KCS) for farmers on the basis of their holdings to readily purchase agricultural inputs such as seeds, pesticides, fertilizers, etc. and draw cash for their production needs.

The Salient Features of the Scheme

- The facility sanctioned under KCC Scheme will be valid for three years.
- The farmer borrower will be provided a Patpustika With the help of which he can draw the credit at his own convenience at the branch where he has his account as well as any others branch on production Patpustika. Thus, it will facilitate the farmer to purchase the input in time at any place.
- Under this scheme conversion of ST Loan into MT Loan can be done in case of natural calamities for which the farmer can apply at the time of renewal every year.
- The scheme is more convenient to branches as well as farmer as it reduces the works of collection of papers and execution of document every year.
- The scheme is expected to inculcate amongst farmers the habit of keeping records of agricultural operation, expenditure, income etc., which will be helpful to them as well as to the UCB.
- The beneficiaries of KCC are eligible to cover under Group Insurance Scheme. Provision of credit card / Patpustika to the farmers on the line of consumer credit cards being provided by some Bank/instruction, will make the credit availability more easy and timely, with the
introduction of farm credit card / Patpustika, we are making efforts for simplifying the procedure and curtailing the delay in renewal and adopting flexible procedure for working out the limit. This will help in timely credit convenient to farmers and make availability of the inputs, like fertilizers, pesticides etc., in time.

5. Rural Employment Generation Programme (REGP) Through Public Sector Banks and Regional Rural Banks

The Ministry of ARI, Govt. of India aims to provide through REGP new avenues of employment for rural unemployed people in the countryside keeping in sight the expectations of various sections of rural area. The REGP launched through KVIC in a big way.

The broad objectives that the KVIC has set before it are:-

- To generate employment in rural area
- To develop entrepreneurial skill among the rural unemployed youth.
- To facilitate participation of financial institutions for higher credit flow to rural industries.
- To achieve the goal of rural industrialization

Scheme:-

i) The Institutions/Co-operate Societies/Trusts specifically registered as all SC/ST/OBC/Women/PH/Ex-Servicemen and Minority Institutions with necessary provision in the bye-laws to that effect alone are eligible for Margin Money @ 30% of the project cost up to Rs.10.00 lakhs and @ 10% on the remaining project cost up to Rs.25.00 lakhs. A certified copy of the bye-laws is required to be appended to the Margin Money Claim.

ii) 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 of more than Rs.5.00 lakhs, which do not require working capital, need clearance from the Regional Office or Controller of the Bank’s Branch and 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 of the ready built as well as long lease or rental Work-shed/Workshop can be included in the project.

iii) Gramodyog Rojgar Yojana is applicable for all viable new Village Industries projects except activities indicated in the negative list of Village Industries. Existing/old units are not eligible. Only one person from one family is eligible for obtaining finance under the Gramodyog Rojgar Yojana.
Bank Finance:-

i) The Bank will sanction 90% of the project cost in case of General Category of beneficiary/Institution and 95% of the project cost in case of Weaker Section beneficiary/Institution and disburse full amount suitably for setting up of the project.

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

iii) Working Capital component should be utilized in such a way that at one point of stage it touches 100% limit of Cash Credit within two 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 is to be recovered by the Bank and refunded to the KVIC at the end of the second year.

Beneficiaries

i) Individual (Rural artisans/Entrepreneurs)
ii) Self Help Groups
iii) Institutions registered under Societies Registration Act, 1860
iv) Co-operative Societies
v) Trusts and Public Limited Companies owned by State/Central Government
vi) Partnership firms/Private Limited Companies/Joint Borrowers/Co-Borrowers/Co-obligators/Joint Ventures/HUF do not come under the ambit of Gramodyog Rojgar Yojana

Village Industries:-

Any Village Industry including Coir based projects (except those mentioned in the negative list) located in the rural area which produces any goods or renders any service with or without the use of power and in which the fixed capital
investment per head of a full time artisan or worker does not exceed Rs.1.00 lakhs in plain areas and Rs.1.50 lakhs in hilly areas

**Modalities of the operation of the Scheme:-**

i) Sponsoring of project by any agency is not mandatory. The beneficiary can directly approach Bank along with his/her project or it can be sponsored by KVIC/ KVIBs/DIC/Panchayat Karyalayas etc.

ii) Banks will appraise projects technically as well as economically and after ensuring that each project fulfills the criteria of “ Village Industry ”, “ Per Capita Fixed Investment ”, “ Own Contribution ” and “ Rural Area ”, take their own credit decision on the basis of viability of each project. In case Bank feels that the cost of the project is more according to the circumstances prevailing in the area, they can reduce the cost of the project.

iii) Once the project is sanctioned and first installment of the Bank Finance is released to the beneficiary, Bank will inform the State/Regional Office of the KVIC, as the case may be, for arranging EDP training to the beneficiary, if he has not already undergone such training. If he has already undergone such training either with the training centre of KVIC or KVIB or at any other training centre of repute, such beneficiary need not undergo EDP training.

iv) After the successful completion of EDP training arranged by the KVIC, bank will release second installment of the Bank Finance to the beneficiary.

v) After the release of Bank Finance either partly or fully, Bank will submit Margin Money claim on the prescribed format to the designated Nodal Branch of the State/Region where KVIC has placed lump sum deposit of Margin Money in advance in the Savings Bank Account in the name of KVIC, for release of Margin Money. In case of projects financed by the branches of the Regional Rural Banks, the financing branches of the RRBs will have to submit the Margin Money Claim to their Head Office, who will submit the consolidated claims to the designated Nodal Branch of their sponsoring Bank. Though the margin money will be released by the designated Nodal Branch of the Bank, KVIC is the final authority to either accept the project/claim or reject, based on the parameters of the Scheme.

vi) Once the Margin Money is released in favour of the loanee, it should be kept in the Term Deposit Receipt of 2 years at branch level in the name of the beneficiary/Institution. No interest will be paid on the TDR and no interest will be charged on loan to the corresponding amount of TDR.

vii) Since “ Margin Money ” is to be provided in the form of middle-end Subsidy (Grant), it will be credited to the Borrowers loan account after 2 years from the date of first disbursement to the borrower/institution.

viii) In case the Bank’s advance goes “ bad ” before the 2 years period is over, Margin Money will be adjusted by the Bank to liquidate the loan liability of the borrower either in part or full.
ix) In case any recovery is effected subsequently by the Bank from any source whatsoever, such recovery will be utilized by the Bank for liquidating their outstanding dues first. Any surplus will be remitted to KVIC.

x) Margin Money will be one time assistance from KVIC. For any enhancement of credit limit or for expansion/modernization of the project, margin money assistance is not available.

xi) Margin money assistance is available only for new project sanctioned specifically under the REGP-Gramodyog Rojgar Yojana. Existing units are not eligible under the Scheme.

xii) As per the existing guidelines of the Reserve Bank of India, beneficiary already assisted under REGP – Gramodyog Rojgar Yojana is not eligible for further assistance under another Scheme or vice-versa.

Projects financed jointly i.e. financed from two different sources, are not eligible for Margin Money assistance without the prior approval of the competent authority of the Commission. Bank has to obtain undertaking from the beneficiary before the release of Bank Finance that in the event of objection by KVIC, he will refund the Margin Money kept in the TDR or release to him after 2 years period. Bank has to ensure that each beneficiary prominently displays following sign-board at the main entrance of his project site:- ...........................................(Unit name) Financed by ...........................................(Bank) Under KVIC’s Gramodyog Rojgar Yojana Margin Money Claim will be submitted by the Financing Branch of the Bank to the designated Nodal Branch within 15 (fifteen) days from the date of disbursement of first installment and the Nodal branch will have to submit to KVIC/KVIB with in another 15 days altogether within 30 days. Belated claims will be entertained only on approval by the State/Regional Office of the KVIC All the advances under the REGP are collateral security free advances

Negative List of Activities:-

i) Any industry/business connected with Meat (slaughtered), i.e. processing, canning and/or serving items made of it as food, production/manufacturing or sale of intoxicant items like Beedi/Pan/Cigar/Cigarette etc., any Hotel or Dhaba or sales outlet serving liquor, preparation/producing tobacco as raw materials, Tapping of Toddy for sale

ii) Any industry/business connected with cultivation of crops/plantation like Tea, Coffee, Rubber etc. sericulture (Cocoon rearing),
Horticulture, Floriculture, Animal Husbandry like Pisciculture, Piggery, Poultry, Harvester machines etc.

iii) Khadi and Polyvastra and project producing yarn and cloth under Khadi Certification Rules, and any other project of spinning and weaving.

iv) Manufacturing of Polythene carry bags of less than 20 microns thickness and manufacture of carry bags or containers made of recycled plastic for storing, carrying, dispensing or packaging of food stuff and any other item which causes environmental problems.

v) Industries such as processing of Pashmina Wool and such other products like hand spinning and hand weaving, taking advantage of Khadi Programme under the purview of Certification Rules and availing sales rebate


Rural Areas:-
Any area classified as Village as per the revenue record of the State/Union Territory, irrespective of population. It also includes an area even if classified as town, provided its population does not exceed 20,000 persons.

Village Industries:-
Any Village Industry including Coir based projects (except those mentioned in the negative list) located in the rural area which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of a full time artisan or worker does not exceed Rs.1.00 lakhs in plain areas and Rs.1.50 lakhs in hilly areas

Progress
The following tables and graphs inform the progress of REGP Scheme

Table No. 5.1:-Margin Money Utilization During 10th Plan Period (Rs. In crores)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>196.00</td>
<td>270.00</td>
<td>296.00</td>
<td>331.00</td>
<td>358.00</td>
</tr>
</tbody>
</table>
Figure 5.1: Margin Money Utilization during 10th Plan period

![Bar chart showing margin money utilization during 10th Plan period](chart)

Table No. 5.1: REGP Progress & Achievement

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>24747</td>
<td>23453</td>
<td>26650</td>
<td>26087</td>
</tr>
</tbody>
</table>
The DIC Beed reported that under REGP there are eight cases of IBEs are registered and they have been functioning smoothly.

6. Package Scheme of Incentives (PSI)

Normally any Package Scheme of Incentives is valid for a period of 5 years. The current scheme is valid from 01.04.2007 to 31.03.2012 and is called the Package Scheme of Incentives, 2007 (PSI-2007).

Activities are eligible under the present scheme.
Vide Para 1(1.1) of PSI-2007 for list of eligible activities. New and Existing Manufacturing Enterprises that have taken at least one effective step on or after 01.04.2007 are eligible under PSI-2007.

Effective Steps

Effective possession of land (registered sale / lease deed with physical and legal possession), constitution formation, and procurement of Industrial Entrepreneur’s Memorandum (IEM) or filing of memorandum under MSMEI Act with the concerned District Industries Center (DIC), constitute the effective steps under PSI-2007.

Where application should be filed?

(i) For eligible micro and small manufacturing enterprises, DIC of the district in which the manufacturing facility is located or proposed to be set-up.

(ii) For eligible medium manufacturing enterprises, the implementing agency is the concerned Regional office of the Directorate of Industries.

(iii) All large and mega eligible units will apply to the Directorate of Industries, Mumbai. The contact details of the implementing agency are provided in the details available at “Organizational setup” on the Home page.

What is the procedure for availing benefits under PSI-2007?

Application in ‘prescribed form’ (Form-I for New Unit and Form-IV for Expansion/diversification) together with documents establishing completion of Effective steps and a detailed project report (list of specific documents to be enclosed) is provided with the application form should be submitted, to the concerned Implementing Agency. Upon start of commercial production, documents establishing commencement of production, and creation of assets should be submitted (list provided with the application form) to the Implementing Agency. Upon satisfying itself about the eligibility of
unit, the implementing agency shall issue Eligibility Certificate (EC) specifying the quantum of admissible incentives and other relevant details.

Based on the EC, the Sales Tax Department shall issue and Identification Certificate (IC) for the purpose of case of reconciliation of taxes paid.

Subsequent to issue of EC, annual claims sanction of Industrial Promotion Subsidy (IPS), Octroi duty refund, Royalty refund, Reimbursement of EPF & ESI (low HDI districts and zero-VAT units only), and Interest subsidy whichever applicable shall be filed with the Implementing agency. The procedure for filing of such claims is provided on this web-site.

What is “Operative Period”?

The period for which an Eligibility Certificate holder requires to fulfil all the terms and conditions of the EC and agreements executes with the Implementing Agency, is called the “Operative Period”. The operative period in force at present is as under:

- Micro & Small Enterprises: 5 years
- Medium/ Large Enterprises: 7 years
- Large Enterprises: 10 years

Please go through the Government Resolution No.PSI-2108/CR-35/Ind-8, dated 21st May, 2008 issued by the Department of Industries, Government of Maharashtra to obtain complete details on this issue.

What are “Procedural Rules” under PSI-2007?

The Procedural Rules 1980 provide details of procedural aspects under PSI-2007. Although Procedural Rules 1980 are in force today, a number of sections have been modified while some are no more relevant to the present scheme.

Why the Govt. , Bank or support agencies should finance IBEs?
Small-scale industry occupies a prominent place in the industrial economy. Its contribution in terms of number of units, employment and industrial production is quite impressive in both developed and developing regions. The banks after nationalization, as government agents have to take this fact into consideration. Small Scale Industry has some significant characteristics mentioned ahead which have been attracting increasing attention by the bankers in support of national policy, particularly developing different regions.

i. SSIU requires relatively less amount of capital per unit of production. Therefore, IBE can be developed with bank finance even in capital scarce economies;

ii. SSIU generates more employment. It is labour intensive. Therefore, IBE growth will help to generate more employment and bankers must finance more and more IBEs units.

iii. SSIU can make use of unskilled labour force from the rural areas if more IBEs are established. Without bank finance, it will remain a dream.

iv. SSIU can be set up within a short period of time and banks could be released from the tension of recovery funds due to short gestation period of productive utilization of bank funds.

v. SSIU relies less on infrastructure and therefore can be located even in underdeveloped regions where the banks as social obligation have to finance. Thus, IBE can be utilized to achieve balanced regional/industrial development and to which the banks could have larger hand.

vi. SSIU facilitates technological up gradation and innovations to which the banks may support directly or indirectly.

These characteristics have prompted Govt, nationalized and private sector banks and Govt. sponsored support agencies to adopt exclusive policies and programmes to promote small scale industry by way of advancing finance. Exclusive Policies and programmes for small industry of the above financiers may comprise of some or all of the following elements:

- Management and administrative body of IBEs industrial by the bank representatives;
- Industrial extension and advisory services;
- Specialized trading and technical services;
- Infrastructure development finance;
Encouraging Training for entrepreneurship development;

Measures to promote sub-contracting by giving liberal financial support;

Exclusive financial wings for the purpose of development of IBEs;

Fiscal and financial incentives when there is a prompt repayment of loans;

As a catalyst, pass the finances of the Govt. or support agencies under Various Schemes, Subsidies, Incentives & Concessions to a wide array of business, industrial, economic and personal activities of entrepreneurs”

The contents of policies and programmes for small industry appear to be similar for nationalized and private sector banks. The former lays more emphasis on protective growth whereas the latter emphasizes development. Among the developing banks, nationalized banks are unique as they have a long standing and wide ranging policies and programmes to protect and promote small scale industry.

**Problems in availing the finances**

It is found in the experience survey that many of those who applied for loans, subsidies, incentive or concession under the various schemes could not secure them; many due to ignorance did not even apply for them. The IBEs told about the problems of applying and getting loans. The same are discussed ahead.

- **Lack of Information:**

  It was found during the course of the survey that smaller SSIU in the small-scale sector were not aware of some of the loan schemes, particularly that of the Banks and Maharashtra State Finance Corporation. In our sample, 50 per cent of the IBEs did not know that the banks could give them financial assistance. Hence wider publicity might be of use. It is notable that the banks or Corporation did increase the expenditure on advertisement and publicity about the advances to small scale industrial units.
**Condition of Loans:**

Applications had to be submitted on prescribed forms. However the forms were not available at the District Industries Centre. Many IBEs in the sample had purchased these from non-officials. An important problem regarding loans from the Maharashtra State Financial Corporation was that the lower limit of a loan was Rs. 20,000. Thus tiny units which needed a small loan were not benefited by the Corporation. In our sample, none of the low-investment units applied for a loan. Further, the loan was granted for fixed assets on the condition that the bank also sanctioned credit for working capital. Therefore, a unit was required to pursue both the agencies simultaneously. In this connection, the Working Group on Small-Scale Industries recommended that for artisans and very small units, loans up to Rs. 25,000 should be sanctioned as composite bank loans whether for equipment finance or working capital or both.

**Multiplicity of Documents:**

IBEs found it difficult to fill up various forms required for seeking credit assistance. They often paid for getting the forms filled up, besides spending a lot of money on the preparation of required legal documents such as affidavits. Even with expenditure of money, it was sometimes difficult (as stated by 18 IBEs) to get the project report and other documents prepared. For a loan from the Banks, there were eleven documents to be furnished with application besides depositing the imprested money. Finding revenue records for the last 30 years for verification of security and getting permission from the competent authority under the Urban Land (Ceiling and Regulations) Act, 1976 to mortgage land and buildings with the Corporation were other problems. While on the recommendations of the High Powered committee for examining Bank Credit problems of small Scale Industries, and on the advice of the Reserve Bank of India, banks had adopted simple application forms for credit facilities up to Rs. 25,000, but the problem of multiplicity of documents regarding term loans from the banks was still there.
At the end of this chapter a format of PSI i.e. Package Scheme is given to show the requirement of huge information and supporting documents from the IBEs for getting benefits. (*See Appendix No-I*)

- **Inspections:**

  In connection with loans (routed through) from the Department of Industries, 3 of the 4 applicants stated that the Inspector harassed them at the time of verification of particulars of the unit and even later. According to the Rules, the Director of Industries or officers authorized by him, were to inspect the premises, books, machinery, stocks, shares and other belongings connected with the unit in respect of which the loan was to be granted. To ask for a loan from the Department of Industries was thus to invite an army of Inspectors. For a loan from the banks against stocks, monthly statements of stocks were to be sent which was again a problem for small-scale units.

- **Security:**

  Conditions regarding security had been liberalized by the Department of Industries; however, those of banks and the Maharashtra State Financial Corporation constituted the most important bottle-neck according to the IBEs, without exception. They found it difficult to offer registered mortgage of all the existing and future fixed assets of the concern to the Corporation. Though the High Powered Committee had recommended that banks should not insist upon collateral and no worthwhile proposal should be turned down merely for want of collateral, yet banks insisted on it. The Banking Commission also found the security orientation in the making of bank loans

- **Valuation of Security:**

  Another problem mentioned by the IBEs concerned the valuation of security. In the Maharashtra State Financial Corporation or commercial Banks the valuation of old plant and machinery was made after deducting depreciation at the income-tax department rates from the price mentioned in the suppliers invoice, and for non-standard fabricated machinery, the assessor’s valuation was taken; this did not take inflation into account and hence resulted in under valuation. The valuation of new machines did not
include freight and erection charges which in some cases formed a substantial part of the cost of machinery.

As regards banks, IBEs said that the margin between the value of the security and the loan was very large particularly if the former consisted of raw-materials or finished stocks. Commercial banks other than the State Bank group retained a margin of 30 to 40 per cent and it increased all the more on account of the way material was evaluated. Stocks of raw –materials were valued at the market price or controlled price, whichever was lower. This would have no adverse effect if materials were available at controlled prices. However, often small IBEs had to purchase 80 to 90 per cent of their requirements at black-market prices which were much higher than controlled prices. Thus if the controlled price of iron sheets was Rs. 2,700 per metric ton and the market price Rs.4,200, the banker would value the stock of iron-sheets at Rs.2,700 and would sanction a loan of Rs. 2,025 under the liberalized scheme by retaining a margin of 25 per cent on the controlled price. Thus, the effective margin for an IBE who had actually purchased iron-sheets from the market amounted to more than 50 per cent. It was fairly well known that wider disparities existed between the fair and the market prices of most of the industrial raw-materials such as iron, lead, zinc and copper. This obviously had an adverse effect on the borrowing capacity of small IBEs. Similarly, a margin of 30 to 40 per cent was required against finished stocks which were valued at the cost of production. This also affected the borrowing capacity of the small IBEs. They maintained that the finished goods ought to be valued at wholesale prices.

The Bank officials were of the view that the IBE did not state the wholesale prices correctly. Also, acceptance of black-market prices would put a premium on black-marketing. The problem thus was ultimately one of trust and morals in an under developed country.

The High Powered Committee and the Working Group of Small-Scale Industries with special reference to District Industries Center, recommended
that a flexible approach towards margin requirements particularly for smaller units and technically qualified IBEs should be adopted.

- **Advance against Pledge:**

  The working capital provided by commercial banks to small-scale IBEs was usually on a pledge basis. The sock of raw materials or finished goods pledged by the IBEs remained in the physical possession of the bank, and the IBEs had to spend a great deal of time and energy in getting the stocks deposited and released. The Standing Committee on Credit Facilities had recognized this problem in 1969 and had recommended that loans to small units should be granted against security available with them and the balance should be extended by way of clean loans; however, the recommendation had remained unimplemented.

- **Advances against Receivables:**

  In small scale units, receivables constituted a large segment of gross working capital but banks showed reluctance in financing receivables. Whatever little facility was available in this regard was in the form of overdraft against bills on Government departments. The facility was not available against open credit sales. The customers of the small-scale sector were often not well-disposed toward the use of bill mechanism for commercial transactions as it involved financial commitment to pay the amount on specified dates. Under such circumstances, the small-scale IBEs could not borrow against the security of bills from debtors.

- **Multiplicity of Limits:**

  Under the current practice, different limits existed for purchase of raw-materials, retention of finished stocks and supply of goods on credit. Multiplicity of limits caused hardships when there were seasonal variations in demand and supply. In order to solve this problem, the State bank introduced a Special Hypothecation Scheme under which an integrated credit limit to meet the various needs of IBEs was sanctioned and the collateral was left to the possession of the borrower. This facility was available for credit limits up to Rs. 1 lakh, which was too low.
- **Delay:**

  The grant of a loan was made in two stages—the sanction and the disbursement. Sanctions were often accorded after long delay and disbursement also took a few months. Of the 28 IBEs who got loans through the Department of Industries, only two managed to get in less than a month, nine in six months and seventeen in more than six months. For one unit, it took as many as four years to get the sanction. This problem of delay had been faced all over India. It was estimated that for a Bank loan up to Rs. 10000, the time taken was at least three months and a half. More time was taken in the case of bigger loans. For a loan between Rs. 100000 and Rs. 5,00000 the time taken was about nine months.

  Reasons for the delay were discussed by the Maharashtra Bank in some of its annual reports. It was said that sometimes the funds had to be withheld even after being sanctioned because the applicant’s credit-worthiness was considered to be doubtful. If the title to the land was not clear additional documents had to be drawn up and executed. Sometimes the properly pledged was not in the name of the borrowing concern but the personal names of partners or others. In such cases, the Bank had to make the owners mortgage the deed. There were instances where essential documents were either missing or had not been executed at all? An important cause of delay in sanctioning loans was the appraisal of technical feasibility of a project. Non-literate IBEs were often unable to present the technical feasibility report as required by the Bank.

  Bank managers from Beed stated that the IBEs did not maintain proper books of account regarding sales, profit, stock, capital assets and liabilities, in the manner desired by the banks. Further, they did not present the project report in the form required, hence additional information had to be elicited for evaluating the viability of a project and verifying the particulars of the units, which caused delay. Sometimes the loan asked for was beyond the power of the branch manager and the application had to be referred to the regional or head office of the bank where it took time.
The High Powered Committee and the Working Group on Small-Scale Industries with special reference to District Industries Centre recommended that branch managers should be vested with adequate discretionary powers for ensuring that 60 to 80 per cent of the credit decisions were taken at the branch levels itself and that all the financial institutions should ensure that loans up to Rs. 2 lakh were decided within four weeks and above Rs. 2 lakh within eight to nine weeks.

- **Repeated Visits:**

  Thirty-five of the 40 IBEs who applied for a loan to the Department of Industries said that they had to visit the District Industries Centre many times (anIBE, even mentioned fifty visits) before they could secure a loan. In the bureaucratic set-up, the applicant had to meet and bribe the official at every step- the receipt clerk, the inspector, the officer and the issuing clerk. In a small-scale unit, the IBE had often to play multiple roles as IBE, manager, worker and messenger. Even one trip to the District Industries Centre requiring absence from work for three to four hours cost him a lot and he preferred to borrow from private sources at a higher rate of interest.

- **Problems of Repayment:**

  Financial difficulty was stated to be the main obstacle in the way of repayment of loans. The IBEs who sought loans from the Department of Industries pointed out that a problem was created by the requirement of utilizing the amount of loan under the State Aid to Industries Act, within two months of its disbursement. The period was one year if the loan was sought for the purpose of construction of the buildings. In some cases, IBEs could not utilize funds in such a short period due to non-availability of construction materials or raw-materials.

  Officials of the Department of Industries attributed the problem of overdues mainly to the lower rate of interest and the liquidation of units. They stated that the rate of interest being low under the State Aid to Industries Act, IBEs did not bother much for repayment. Further, the loan became unrecoverable from units which went into liquidation. The officials of the Maharashtra Bank stated that in case of seed money loan, 80 per cent of the
amount due for repayment was under default. The main reason for this was that no security was demanded against the loan; hence the loan could not be recovered as an arrear of land revenue as was the case under the State Aid to Industries Act, 1935.

- **Corruption – Economic and Political:**

  In our sample, of the total of 20 IBEs who secured loans with the help of the Department of Industries, 08 affirmed that they had paid bribes, 06 had used political influence and 02 had depended upon kinship with officials for obtaining loans. The amount of the bribe varied with the position of the official in the hierarchy. An Inspector had to be paid Rs. 1000 to 2000 and a clerk (who processed the application or who issued the cheque) had to be paid Rs. 125. The messenger also expected from Rs.50 to Rs. 100. A jargon had grown around this “passage of money; “speed money”, “Sewa” (service) and “tea” “Anna Hajare” were some of the terms used for consideration money. The smaller IBE was likely to be hit harder. An artisan IBE of Paithan stated that his loan had been pocketed by the Inspector himself and that he had been asked to repay it. About 75 percent of the IBEs stated that the treatment depended upon whether one had the patronage of influential persons. It was found that even the addresses of some of the units which had obtained loans were not available in the records of the Department. Two inter-related factors leading to non-payment of loans were faulty maintenance of records and bribery. The IBEs who received loans from the bank stated that they had to bribe the revenue officer for getting the revenue records verified for the last thirty years and also to bribe the officer under the Urban Land (Ceiling and Regulation) Act for seeking the permission to mortgage property. For loans from banks, only three per cent of the IBEs stated that they had not paid bribes.

  Some of the officials of the District Industries Centre corroborated the statement relating to the payment of bribes. However, they claimed that they accepted bribes not for doing the work but for expediting it. The officials justified these on grounds of low salaries and argued that Inspectors had to maintain a good standard of living to be effective. High officials of the Industries Department said that District officials were sometimes bribed to
misplace the records (files) relating to certain loans. Some high officials of the Maharashtra State Small Industries Corporation stated that while the Bank was in law as autonomous undertaking of the Government, in practice decisions within the bank were influenced by politicians and the big loans had been advanced under pressures.

**Subsidies and Incentives routed through the Banks:**

There are number of schemes of such types and the banks play key role in facilitating the same. Some of them are discussed ahead.

(i) **Interest Subsidy:**

An entrepreneurial Training Programme was started by Government of India to provide employment to un-employed engineers. The Union Government lunched a programme of providing financial subsidy to these engineer IBEs for setting up industrial units. Under this programme they were to be given a subsidy on interest payable on loans taken by them from the State Financial Corporations and other financial institutions. Only those engineers who had undergone training under the various schemes of assistance to the educated unemployed sponsored by the Government of India or the Planning Commission were eligible for this assistance.

**Procedure:** The applicant was to apply for loans to a bank or the Maharashtra Financial Corporation. After the loan had been sanctioned, the applicant was to apply for the subsidy on interest to the Director of Industries in the prescribed form. In our sample, three IBEs had applied for the subsidy. The respondents complained that sanction of the subsidy took a long time ranging from six months to two years depending on the availability of funds. The programme was launched under the Employment Promotion Programme and was a continuation of the Half-a-Million Job Programme. Though beneficial, it had a limited scope because the subsidy was available only to engineer IBEs.

In 1995-96, the State Government undertook another programme to help IBEs secure loans from banks at the subsidized rate of interest. The aim was to replace the facility of loans under the State Aid to Industries Act by “interest subsidy”. Under, it not only engineer IBEs but all were eligible. An
applicant applied to the bank for a loan through the District Industries Centre. The Functional Manager, Credit interviewed the applicant and made an appraisal of the unit based on its equity capital sources of raw-materials and marketing. If satisfied on technical grounds, the Credit Manager recommended the application and the case was sponsored for a loan to the bank by the General Manager. The loan was granted against personal security or group guarantee. The difference in the rate of interest charged by the bank and under the State Aid to Industries Act was subsidized by the Department of Industries, up to a maximum of 4 per cent.

In our universe (Beed) in the year 1991-2000, six units were recommended for financial assistance for the amount of Rs. 3.12 lakh, the total number of sanctioned applications in the district 132 for the loan of Rs. 93.04 lakh. However in sample no unit had availed of the benefit of interest subsidy.

(ii) Subsidy for Special Purposes:

The programme of providing subsidy on purchase of generating sets was announced by the Government of Maharashtra in 1983 “with a view to counteracting the shortage of power and encouraging the industrialists to purchase their own generating sets”. Under it, a bank loan of 75 per cent of the cost of a generating set was to be granted by the Maharashtra State Financial Corporation or a bank, 20 per cent was to be given as subsidy by the Department of Industries, and the remaining 5 per cent was to be contributed by the IBE.

Procedure: The applicant was to approach the Maharashtra State Financial Corporation or a bank for the grant of loan and subsidy; he was to purchase the generating set within a period of two months or such extended period as might be allowed by the Director of Industries. The amount of subsidy was to be channelized through the Corporation or through the bank by the Department of Industries.

In our sample, two IBEs received the subsidy for purchasing a generator set each from the Commercial Bank for their high-investment units. They received the loan and subsidy within two months of applying. Smaller
units could not purchase a generating set because of its high operational cost and their low production.

(iii) **Subsidy to Rural Industries:**

In pursuance of the Rural Development Programme announced in the Industrial Policy Statement of 1978 a subsidy was to be granted to rural industries through Bank. A subsidy to rural industries was significant for the growth of SSIUs and thus for diversification of industrial sector. However, the budget allocation for the purpose was less than the articulated demand.

(iv) **Interest-free Loan:**

The most important of the incentives was the interest-free loan in lieu of the refund of sales tax. The Government had announced that purchase and sales tax including inter-state sales tax would be refunded by the Director of Industries to new and expanding units located in Focal Points for five years from the date of registration as follows:

(i) Refund of purchase tax on raw-materials and components in respect of purchases made anywhere in India.

(ii) Refund of sales-tax on finished products sold directly to consumers;

Later on, the Government announced that an interest free loan in lieu of refund of sales tax would be granted to new and expanding industrial units in five annual installments. The concessions were also available to the existing units provided the following conditions had been fulfilled:

(i) The unit had doubled its capital investment;

(ii) It had undertaken expansion involving a capital investment of Rs. 5 lakh or more;

(iii) Only industrial units having an existing capital investment of Rs. 1 lakh or more were eligible.

According to the Maharashtra Industrial Policy Statement of March 1998, the incentives were to be granted to new industries set up in the State on or after April 1, 1993. An interest-free loan was admissible to a unit registered
as a dealer under the Maharashtra General Sales Tax Act. A unit not covered under the Act was eligible if its turnover exceeded Rs.40,000 per annum.

**Procedure:** An IBE was to apply through Bank to the General Manager, District Industries Centre, in the prescribed form (B-1) every year. The application was to be accompanied with: (i) an affidavit declaring that property to be mortgaged was free from all encumbrances and that the applicant had a clear and saleable title to the property, (ii) the balance sheet, and profit and loss account relating to that financial year, duly verified by a Chartered Accountant (except for tiny units exempted by the Director), (iii) an attested copy of the constitution of the firm or an affidavit to the effect that the applicant was the sole proprietor of the firm, (iv) attested copies of purchase documents relating to the purchase of new plant and machinery or used machinery. The application was to be submitted to the General Manager, District Industries Centre, who was to sanction the loan under authority delegated to him by the Director, or forward the application to the Director for loans beyond his competence. The admissible amount was to be calculated as a percentage of the fixed capital investment or sales of the units, and was to vary positively with the backwardness of the area of its location. The loan was to be granted against mortgage of immovable property, the value of which was not to be less than 125 per cent of the amount of the loan. It was repayable in three annual equal installments within 13 years. In case of default, penal interest at 16 per cent per annum was to be charged.

Since the loans were related to capital investment or sales, the units with higher investment would naturally get more of them. However, what is interesting is that they received preferential treatment also. If funds were lacking small IBEs, were kept waiting. In our sample, two units applied for the loan but it was sanctioned to one only. The loan sanctioned for one year was Rs. 25,000. The other IBE maintained that he fulfilled all the conditions; the concerned officer had asked him to donate Rs. 10,000 to the ruling party for elections but he had offered only Rs. 5,000.
The programme had given rise to high expectation among IBEs. However, the achievements fell far below these. There was generally a lack of funds. The programme had been restricted mainly to new units and specified areas, an exception being made in favour of technically qualified IBEs. Political and other pressures also influenced the grant of loans.

(v) **Investment Loan for Priority Industries:**

Investment loan by bank was to be granted to priority industries\(^ {16} \) to supplement the promoter’s contribution for the purchase of land, construction of factory building and purchase of plant and machinery. The loan was to be equal to the amount of interest-free loan to which the unit would be entitled. A project report was to be prepared by a consultant on the panel approved by the Director. The IBE was to apply in the prescribed form (H) to the Director of Industries through bank. The application was to be accompanied with the following (i) a copy of the project report, (ii) an attested copy of the constitution of the firm or an affidavit to the effect that the applicant was the sole proprietor of the firm, (iii) documentary proof regarding acquisition and possession of land acquired for the project, (iv) an attested copy of the confirmation of the order for machinery placed by the firm with the suppliers along with copies of letters of credit in the case of imported machinery, and (v) certificate from a registered architect regarding progress of construction of the building.

In our sample tiny units were eligible but it was difficult for them to complete the formalities such as getting the project report and the certificate of

(vi) **Concessions to Engineers:**

Degree and diploma holders in any branch of engineering or technology were eligible for all the incentives and concessions extended by both the Union and State Governments for setting up a unit anywhere in the State provided they retained 51 percent interest in the new undertaking. Such persons were also granted certain additional concessions such as preference in the supply of machinery on hire-purchase by the Maharashtra State Small Industries Corporation, out of turn power connection, allotment of land on a
priority basis, exemption from payment of earnest money on plots allotted to them in industrial areas or colonies, exemption from octroi, terminal tax and electricity duty, and subsidized electricity rates. The Government of Maharashtra also provided sheds to the educated unemployed on a lease basis for setting up small-scale industries. There were three engineer IBEs in our sample. All had their units at the Focal Points. One IBE had availed of interest-free loan and exemption from electricity duty.

(vii) Concessions to Non-Resident Indians:

The special facilities and incentives available to non-resident Indians included the following:

(i) import of machinery up to a value (CIF) of Rs. 25 lakh purchased out of the applicant’s own foreign exchange savings abroad without going through import license formalities; only the customs clearance permit was necessary for this purpose;

(ii) import of permissible raw-materials and components for meeting the requirements for one year up to Rs. 10 lakhs purchased out of the applicant’s own foreign exchange earnings abroad;

(iii) priority in allotment of plots and in issuing letters of indent for land where regular allotment was delayed;

(iv) assistance to get applications to the Government of India for import of machinery and raw-material expeditiously processed;

(v) higher level of concession than those to which they were entitled on the basis of the backwardness of the area.

There were no non-resident Indians in our sample.

(viii) Concession in Rate of Interest:

Small IBEs were provided loans at concessional rate of interest. Banks charged differential rate of interest depending on the amount of the loan. The Maharashtra Financial Corporation charged lower rate of interest from units belonging to small-scale sector. This enabled them to get cheaper loans.

Incentives Granted By Government:
The banker has to accord positive weightage to IBEs’ potentialities to avail the various insensitive or subsidy schemes of the Govt. These schemes are discussed ahead:-

(i) **Tax relief:** It has been decided by the government that new small scale industries will be exempted from sales tax on raw materials for a period of five years from the date of production and there will also be exemption for sales tax on finished products at the first stage sale after production either multipoint or single point tax, as may be applicable.

(ii) ** Preferential treatment in government purchases:** The state government, the corporations and the boards set up by the government grant small scale industries a price preference of 15% over the product of large and medium industries. But this concession is available only to such units which are registered under the “Price preference scheme”.

(iii) **Allotment of built up factory sheds in industrial estate:** The state government at MIDC Beed has put up a no. of industrial shades with built up factory accommodations at suitable sites with facility of water, electricity, roads, etc., there is also a programme of construction of more industrial shades during the next five year plan. The state government has decided that the sheds in the industrial estate are made available to new small scale industries at 50% of the economic rent for a period of five years from the date of allotment. Sheds are also available for outright purchase or on higher purchase; 10% of their cost is being paid out right and rest over 15 annual installments with five percent interest and rebate of 2% on interest is allowed on timely payment of the installment.

(iv) **Allotment of land in industrial area:** Industrial areas have been developed in Beed at three places. Land is given on the payment of the first of the fifteen installments. Only 15% of the economic rent in the industrial area is taken for first five years plan after the date of allotment. Land is given on lease for 99 years and no separate permission is required for mortgaging it with financial institutions for raising loans for the purpose of industry for which land has been allotted.

(v) **Project report:** The DIC office of Beed may prepare a feasibility reports for all items of small scale industries at free of cost. In respect of schemes for
which it is not possible for the DIC to prepare feasibility and work study reports, the state government grants 75% subsidy for preparation of feasibility study and work study projects, through agencies approved by the government. 50% is paid on the preparation of the report and rest 25% is paid when the units get financial help from the financial institutions.

(vi) Concessional rate of electricity tariff: No minimum fixed charge is levied by the electricity undertaking under the control of state government for five years from the date of production. The small scale units are given a subsidy of 9 paisa per unit over the electrical energy actually consumed. Electricity Board prepares bills of consumer after deducting the amount available as subsidy. This facility is available to both old as well as new units from the 1st March, 1996. Thus units going in to production from 2nd Oct. 1996 will be treated as new units. The Electricity Board has offered to grant a rebate of one third of the normal tariff for industries operating between 10.30 p.m. and 8 a.m. for the electricity consumed during this period.

(vii) Financial assistance: The following type of financial assistance have been made available to small scale industries in Beed

(a) Guarantee of Loans.

(b) Underwriting and purchasing of shares,

(c) Loan under the Maharashtra State Aid to Industries Act.

(d) Supply of machines on hire purchase terms under the State Aid to Industries Act.

(e) Sponsoring of the hire purchase application with National small industries corporation.

(f) Loans from the Maharashtra State Financial Corporation, and

(g) Financial assistance made available to industries from commercial block.

Under the Maharashtra State Aid to Industries Act, financial assistance is available to small scale industries in the following forms :-

(a) Grant of loans,

(b) Grant of subsidy,

(c) Guarantee of minimum return on the whole or part of the capital of a joint stock company.

(d) Taking of share of debentures.
(e) Grant on favorable terms of land, raw materials or other property vested in the state.

(f) Supply of machinery on hire purchase terms.

(g) Supply of electrical energy at concessional rates, and

(h) Guarantee of cash credit overdraft at fixed advance with a bank

(viii) Aid from the Maharashtra State Financial Corporation: The Maharashtra state financial corporation set up under the State Financial Corporation Act 1951, extends financial assistance to the small scale industries from Beed in the shape of loans of sums exceeding Rs. 50,000. The loans has to be secured by a pledge, mortgage, hypothecation or assistance of government of other securities stock, shares of concerned debentures, bullion movable or immovable property or other tangible assets. The maximum amount of loan admissible is Rs.25 lakhs for IBEs.

(ix) Aid By The National Small Industries Corporation Ltd.: The national small industries corporation a govt. of India undertaking has been set up with the specific objectives of developing small industries in the country. It aids development of small scale industries through supply to the party on hire purchase terms machines; both foreign and indigenous machinery can be had from this source on a security deposit ranging up to 20% of the cost of the machines.

(x) Aid by the State Bank of India: If a loan is to be procured only for working capital, the State Bank of India grants advance against pledge of raw materials and of furnished goods either on the “Lock and Key” or Factory type basis or against hypothecation of stocks in the case of Ltd. companies. In appropriate cases, advances are also granted against goods in transit. Clean advance are also granted in suitable cases with or without guarantee. Provision has been made wherever possible for the relaxation in respect of agencies insurance etc., special relaxation are made in the case of merit producing goods which have a reasonably assured market or are manufacturing against order from government or other time order. The interest charged ranges between 4% and 6%. To begin with, this scheme was first introduced in a selected no. of branches of the State Bank of India, now it has been extended to all branches of the bank.
(xi) **Technical Assistance:** Technical advice, Economic information service, advice on the use and procurement of the correct material to be used, training facilities, guidance to managerial and distribution problems factory accommodations, supply of power etc., in the case of small scale industries are provided by the state directorate of industries (DIC) and the small industries service institute, Mumbai.

It is seen from the foregoing pages that the IBEs in Beed receive a number of incentives which are mostly Govt. sponsored or sponsored by the financing institutions/Banks. The following Table No-5.3 informs about the number of IBEs in Beed availing the benefits of these incentives or schemes.

**Table No.5.3**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars of incentive</th>
<th>% of IBEs receiving the benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Tax relief</td>
<td>60</td>
</tr>
<tr>
<td>2.</td>
<td>Preferential treatment in government purchases:</td>
<td>25</td>
</tr>
<tr>
<td>3.</td>
<td>Allotment of built up factory sheds in industrial estate:</td>
<td>84</td>
</tr>
<tr>
<td>4.</td>
<td>Allotment of land in industrial area:</td>
<td>18</td>
</tr>
<tr>
<td>5.</td>
<td>Project report:</td>
<td>25</td>
</tr>
<tr>
<td>6.</td>
<td>Concessional rate of electricity tariff:</td>
<td>85</td>
</tr>
<tr>
<td>7.</td>
<td>Financial assistance:</td>
<td>87</td>
</tr>
<tr>
<td>8.</td>
<td>Aid from the Maharashtra State Financial Corporation:</td>
<td>34</td>
</tr>
<tr>
<td>9.</td>
<td>Aid By The National Small Industries Corporation Ltd:</td>
<td>44</td>
</tr>
<tr>
<td>10.</td>
<td>Aid by the State Bank of India</td>
<td>44</td>
</tr>
</tbody>
</table>

**Source:** Primary data.

**Percolation of Benefits under Incentive Schemes:**

While surveying IBEs, they were asked about the assistance that they got under various incentive schemes and efforts were also made to know the Bank Role in facilitating such assistance.

(i) **Tax Relief:**
About 40% IBEs did not have any idea of Tax Relief Schemes of the Govt. Some reported that the procedure of getting Tax Relief is too cumbersome to materialize the benefits. The Bank or DIC by no way helps in getting Tax Relief.

(ii) **Preferential Treatment in Govt. Purchases:**

The benefits under Govt. purchases preference schemes are difficult to procure since govt. officials need some cushion money. The role of Bank is positive in providing guarantee. However this scheme is not known to more than 75% of the sampled.

(iii) **Allotment of Built up Factory Shades in Industrial Estates:**

Out of 100 sampled, 84% got the benefits under this. However the use of such shades is made by many for the purposes other than manufacturing. The role of bank is positive in financing purchase of these industrial sheds. However many banks could not get the loans back given for the purchase of shades. These loans are almost in the category of overdue or bad debts.

(iv) **Allotment of Land:**

Very few know about allotment of land from industrial areas. The Bank role in financing purchase of such land was positive but later on they become reluctant for such financing due to accumulation of overdue in financing the land purchases.

(v) **Project Report:**

This is the source of earning some money by bankers or DIC officers when they insist for project report from particular person or body while financing; it is told that all these project reports are the matter of formalities for getting loans and have no potentialities to predict future.

(vi) **Concessional Rate in Electricity Tariff:**

These are enjoyed by almost all (85%) the sampled IBEs. Many times the electricity is made use of non industrial purposes.

(vii) **Sources of Financial Assistance**

The 87% IBEs from Beed got the financial assistance (Table No.4.24.) either from one or many other sources. The following analysis of types of
financial assistance that has been availed by the IBEs from Beed highlights the coverage of such assistance.

Table No. 5.4
% of Sampled IBEs Availing Different Types of Financial Assistance

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Types of Financial Assistance</th>
<th>% of sampled IBEs availing the such Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Guarantee of loans</td>
<td>38</td>
</tr>
<tr>
<td>2.</td>
<td>Underwriting &amp; purchasing of shares</td>
<td>06</td>
</tr>
<tr>
<td>3.</td>
<td>Loan under MS Aid to industries</td>
<td>16</td>
</tr>
<tr>
<td>4.</td>
<td>Hire purchase under state aid</td>
<td>16</td>
</tr>
<tr>
<td>5.</td>
<td>Hire purchased by NSIC sponsorship</td>
<td>20</td>
</tr>
<tr>
<td>6.</td>
<td>MSFC loans</td>
<td>24</td>
</tr>
<tr>
<td>7.</td>
<td>Finances to commercial block</td>
<td>87</td>
</tr>
</tbody>
</table>

Source: Primary data.

These loans are enjoyed only by those who know the procedure to get MSFC loans. There are agents – cum – middlemen who manage to sanction the loans in the favour of needy persons. Almost all the MSFC loans availed of by the three IBEs are found overdue.

viii) Other sources

1) Aid from the Maharashtra State Financial Corporation:
2) Aid By The National Small Industries Corporation ltd:
3) Aid by the State Bank of India

Many IBEs from Beed received the benefits from the above agencies such aid. The majority number of IBE IBEs however did not know anything about such aid.
References:


4. Standing Committee on Credit Facilities, Report, December 1969 (Development Commissioner, Small-Scale Industries),

5. Personal interview with bank-managers.


9. In our Experience Survey sample, six units had a full time accountant each, 85 a part-time accountant each, who worked once or twice a week, and 26 had no accountant.


12. In Japan, there were at least three such institutions while both the U.S.A. and U.K. had one each. In our country large-scale sector had three : the Industrial Development Bank of India, the Industrial Finance Corporation and the Industrial Credit and Investment Corporation.


16. A priority industry was one included in the schedule of the rules for grant of incentives under the Industrial Policy Statement, 1978, of the Maharashtra Government. These industries included:

   (i) Tiny Units (Investment On Machinery Not Exceeding Rs. 1 Lakh) In Any Industry;
   (ii) Electronic Instruments/Components (Any Sector);
   (iii) Agro-Base Industries (Any Sector);
   (iv) Agricultural Machinery L:-To Be Notified By The State Government From Time To Time (Large And Medium Sector);
   (v) Cotton Spinning And Weaving (Large And Medium Sector);
   (vi) Insecticides and Pesticides (Any Sector).
Appendix -I
Package Scheme of Incentives-2007:- Proforma of Form- I

Note: - An each item mentioned below should be answered with the necessary documentary evidences certified by the Banker or Govt. Class I Gazetted Officer

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Application Number</td>
<td>(for office use)</td>
</tr>
<tr>
<td>2.</td>
<td>Date of Receipt</td>
<td>(for office use)</td>
</tr>
<tr>
<td>3.</td>
<td>Name of Applicant / Industrial Unit</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Office Address</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Registered Office Address</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Address</td>
<td></td>
</tr>
<tr>
<td></td>
<td>City</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pin</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Telephone No.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. E-mail</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>a. Head Office Address</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Address</td>
<td></td>
</tr>
<tr>
<td></td>
<td>City</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pin</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Telephone No.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. E-mail</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Factory Address</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. District</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Taluka</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. Post</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d. Village</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e. Extra address line</td>
<td></td>
</tr>
<tr>
<td></td>
<td>f. Extra address line</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Constitution</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Authority of Certification</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Letter /Ack. No. of Incorporation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. Date of Establishment</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Name &amp; Address of Prop./Partners</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Name</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Residential Address – 1}</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Address – 2}</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Address – 3}</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. Telephone No.&amp; E-mail</td>
<td></td>
</tr>
<tr>
<td>9.(I)</td>
<td>Details of Previous Appln., if any</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Date of Application</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Date of filing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. Scheme</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d. Date, if application withdrawal from Previous scheme.</td>
<td></td>
</tr>
<tr>
<td>(II)</td>
<td>Details of LOI under earlier scheme</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Letter of Intent’s No.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Date of Issue</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. Scheme</td>
<td></td>
</tr>
<tr>
<td>(III)</td>
<td>Details of E.C. (Part I)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Fixed Capital Investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(IV)</td>
<td>Details of E.C. (as per S.T.) Part II</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Fixed Capital Investment</td>
<td>(in lacs)</td>
</tr>
<tr>
<td></td>
<td>b. Product/s</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>c. Location</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>d. E.C. Number</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>e. E.C. issue date</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>f. Validity from</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>g. Validity upto</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>h. Scheme</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>i. S.T. Loan Entitlement</td>
<td>:</td>
</tr>
<tr>
<td>10</td>
<td>Effective steps taken / completed (Land) **</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Plot / Land type</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>b. Plot No.</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>c. Plot Area</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>d. Gala No</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>e. Possession of land</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>f. Is it growth center (Y/N)</td>
<td>:</td>
</tr>
<tr>
<td>11</td>
<td>Type of Industry</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Is it case of shifting unit ? (Y/N)</td>
<td>:</td>
</tr>
<tr>
<td>12</td>
<td>Details of Registrations, Licenses **</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Registration Authority</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>b. Date of Registration</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>c. Regn./ License/ Acknowledgement No.</td>
<td>:</td>
</tr>
<tr>
<td>13</td>
<td>Product for which Regn. Obtained **</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Product Code</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>b. Product Details</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>c. Proposed Capacity</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>d. Unit of Production</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>e. Expected date of production</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>f. Date of commencement of production.</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>g. Expected turnover in lacs.</td>
<td>:</td>
</tr>
<tr>
<td>14</td>
<td>Any scrap if unit releases</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Scrap details</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>b. Value of scrap</td>
<td>:</td>
</tr>
<tr>
<td>15</td>
<td>Any by product, unit makes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. By product name</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>b. By product value</td>
<td>:</td>
</tr>
<tr>
<td>16</td>
<td>Consents &amp; Permissions **</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Authority</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>b. Date of clearance</td>
<td>:</td>
</tr>
<tr>
<td>17</td>
<td>Accounting year &amp; expenditure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Accounting year followed.</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>b. Cost and date of fixed assets acquired by unit.</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>c. Advance paid to supplier towards capital cost and date.</td>
<td>:</td>
</tr>
<tr>
<td>18</td>
<td>Registration under the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Sales Tax Act.</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>b. Registration No.</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>c. Date of Registration.</td>
<td>:</td>
</tr>
<tr>
<td></td>
<td>d. Date of effect.</td>
<td>:</td>
</tr>
<tr>
<td>19.</td>
<td>Registration details in case of transfers give registration of transferor.</td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>--------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Registration Number</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. Date of Registration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d. Date of Effect.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e. Whether permission to the file consolidated returns obtained?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>f. Order No. of permission.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>g. Date of order issued.</td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>Project cost as per applicant. (Rs. in lacs)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Land</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Building (Office + Factory + Admn. + Resi. Quarters + Indl. Housing accom. etc.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. Plant &amp; Machinery.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d. Tech. Know-how fees/ engineering etc.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e. Other Assets.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>f. Preliminary &amp; Capital issue expenses.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>g. Pre operative expenses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>h. Provision for contingencies.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>i. Margin for working capital</td>
<td></td>
</tr>
<tr>
<td></td>
<td>j. TOTAL</td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Project cost as per appraisal note</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Land</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Building (Office + Factory + Admn. + Resi. Quarters + Indl. Housing accom. etc.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. Plant &amp; Machinery.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d. Tech. Know-how fees/ engineering etc.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e. Other Assets.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>f. Preliminary &amp; Capital issue expenses.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>g. Pre operative expenses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>h. Provision for contingencies.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>i. Margin for working capital</td>
<td></td>
</tr>
<tr>
<td></td>
<td>j. TOTAL</td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Means of finance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Means</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Source</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. Amount in Rs.(lacs)</td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>Estimated water supply</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Source</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Supply (with unit)</td>
<td></td>
</tr>
<tr>
<td>24.</td>
<td>Estimated electric power reg.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Source</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Supply (with unit)</td>
<td></td>
</tr>
<tr>
<td>25.</td>
<td>Average workers proposed to be employed at the time of commencement of production.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Male supervisory cadre</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Female supervisory cadre</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. Male worker cadre</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d. Female worker cadre</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e. % of local employment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Supr. Cadre)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>f. % of local employment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(worker cadre)</td>
<td></td>
</tr>
<tr>
<td>26.</td>
<td>List of enclosures with application.</td>
<td></td>
</tr>
</tbody>
</table>