



## GOVERNMENT OF KERALA

### Abstract

Industries Department -- Scheme for Margin Money Grant to Nano units- --  
Administrative Sanction accorded - Orders issued.

### INDUSTRIES (B) DEPARTMENT

G.O.(Rt)No.616/2020/ID

Dated, Thiruvananthapuram, 12/08/2020

- Read :
1. Letters No. DIC/831/2020 -FC3 dated 10/03/2020 from the Director of Industries & Commerce.
  2. Minutes of the Departmental Working Group meeting held on 03/07/2020.

### ORDER

The objective of the scheme "Margin Money Grant to Nano units(New)" is to promote / incentivize deserving entrepreneurs in setting up Nano Enterprises within the State through Margin Money Grant to Nano units for loan linked projects. It is the need of the hour to promote Nano enterprises at grass root level in the present entrepreneurial scenario of Kerala.

In this context, vide letter read as first paper above, the Director of Industries and Commerce, has submitted a proposal seeking Administrative Sanction for implementing the scheme "Margin Money Grant to Nano units" for an amount of Rs.250 lakh (Two Hundred and Fifty lakh only) and therefore, the Departmental working group held on 03-07-2020 considered the proposal in detail and recommended, vide the minutes read above, to issue Administrative Sanction for an amount of Rs.250 lakh (Two Hundred and Fifty lakh only) for implementing this New Scheme.

In the circumstances, Government have examined the matter in detail and are pleased to issue Administrative Sanction for an amount of Rs.250 lakh (Two Hundred and Fifty lakh only), for the Scheme "Margin Money Grant to Nano units" by meeting the expenditure from the current year's budgetary provision available under the Head of Account 2851-00-102-25(P) with the following conditions:-

- i) All newly registered Nano enterprises in manufacturing/food processing, excluding service sector units, whose total project cost including fixed capital and working capital upto Rs.10 lakh are eligible for assistance under this scheme.
- ii) Women, handicapped persons, ex-service men and persons belonging to SC/ST are to be given priority under this scheme.
- iii) 30% of the beneficiaries under the scheme shall be women entrepreneurs.
- iv) Assistance provided under this scheme shall be limited to Rs.4 lakh/unit as follows

1. Loan from financial institutions-40% of the total project cost.
2. Promoters contribution  $\geq$  30% of the total project cost.
3. Margin money grant by Industries Department-maximum 30% of the total project cost .

In case of special categories (SC/ST/Women/ Ex-service men/Youth entrepreneurs up to 40 years of age) margin money grant shall be 40 % of the total project cost and promoters contribution shall be minimum 20%

The scheme approved is appended to this order.

(By Order of the Governor)  
**K.RADHAKRISHNAN**  
**ADDITIONAL SECRETARY**

To :

- ✓ The Director of Industries and Commerce, Thiruvananthapuram.
- The Principal Accountant General (A&E/Audit )Kerala, Thiruvananthapuram
- The District Treasury Officer, District Treasury Office, Thiruvananthapuram.
- The Finance Department.
- The Planning and Economic Affairs Department
- The Industries(J)Department
- The Information and Public Relation (Web and New Media) Department.
- Stock File/ Office Copy.

Forwarded/By order

  
Section Officer

## Annexure

**SCHEME FOR MARGIN MONEY GRANT TO NANO UNITS****Background**

Kerala is a state where density of population is very high and so large and medium enterprises have less scope. So it is the need of the hour to promote Nano enterprises at grass root level in the entrepreneurial scenario of Kerala and it will help to overcome many problem being faced by entrepreneurs at present, start small is preferable to start big.

**Introduction**

The starting point for many individuals within the entrepreneurial ecosystem is the "individual" who want to be a business of 'self or Nano Enterprises'. Adopting a Nano-business perspective allows us to examine more closely the confusing interplay of terminology, such as self-employment and freelancing, to concentrate the independent professional workforce etc. There is no loan linked scheme for Nano units now, and this scheme will be a great support to the Nano units.

**Objectives**

The objective of the scheme is to promote/incentivize deserving entrepreneurs in setting up Nano enterprises within the State through Margin Money loan to Nano units for loan linked projects.

**Eligibility**

All newly registered, Nano Proprietary enterprises in manufacturing /food processing and job works and units engaged in service sector having any type or value addition ,whose project cost including Fixed Capital and Working Capital upto 10 lakhs are eligible for assistance under the scheme. Preference is given to special categories such as women, handicapped persons, ex- serviceman and persons belonging to SC/ST. Youth entrepreneurs up to the age of 40 are also given priority under this scheme. 30 % of the beneficiaries under the scheme shall be women entrepreneur.

**Entitlement**

Maximum limit of Margin Money Grant provided under this scheme shall be Rs.4 lakhs per unit as follows.

Loan given by FI/KFC/Co-operative Bank	- Minimum 40% of the Total project cost
Promoter's contribution	- Minimum 30% of the total project cost.

Margin money grant provided by Industries Department shall be 30% of the total project cost for general category subject to a maximum of 3.00 lakhs. In the, case of special categories Margin Money Grant shall be 40 % of the Total Project Cost subject to a maximum of R.4.00 lakhs and promoters contribution shall be minimum 20%.

The unit which avail the assistance shall be under obligation to commence commercial production within 6 months from the date of receipt of Grant. General Manager is empowered to extend the period of 6 'months, in genuine cases, on merits to a further period of 6 months. The units which commences with own contribution without availing Bank loan is also eligible for this assistance.

**Project cost.**

The Project cost under this scheme shall include the following.

1. Cost of land and its development including documentation charges. The cost of land, and its development shall not exceed 10% of the project cost.
2. Cost of building. This shall not exceed 25% of the project cost.
3. Plant & Machinery, equipments including all accessories, tools, jigs, fixtures, essential office equipments and furniture, lab equipments, pollution control devices, generators.
4. Electrification.
5. Preliminary and pre-operative expenses which shall include Registration charges of the firm, engineering drawings, cost of the project report, Technical know-how, cost of technical supervision during the implementation period. However, these preliminary and pre-operative expenses shall not exceed 10 % of the project cost.
6. Allowance for cost escalation (contingencies). The contingency allowance shall not exceed 10% of the cost of the item for which it is meant.
7. Working Capital. The working capital shall not exceed 40% of the project cost or one working cycle, whichever is lower.

**Recommending Authority**

The respective Assistant District Industries Officers, Taluk Industries Offices shall be the recommending authority for assistance under the scheme. As and when the entrepreneur approaches for assistance under this scheme the Assistant District Industries Officers, concerned shall forward TFR to the Financial Institution/ Banks/ Kerala Financial Corporation/ Co-operative Banks. After receipt of sanction letter with recommendations from bank/Financial Institution/Kerala Financial Corporation/ Co-operative Banks along with copy of pass book showing the details of beneficiary contribution remitted, (the Assistant District Industries Officer shall ensure that the party has remitted the beneficiary contributions by verifying the Pass Book) and after satisfying that the entrepreneur complied all the eligibility criteria, he shall accept the application and place them before the sanctioning authority with the recommendation for disbursing the assistance.

**Sanctioning Authority**

The General Managers, District Industries Centres concerned shall be the sanctioning authority.

**Obligations of the Applicant Entrepreneurs**

1. The applicant shall provide all required details and declare such information as to be true.
2. The applicant shall provide clarifications of further details sought by the recommending/ sanctioning authority.
3. The applicant shall allow inspection or verification of any details mentioned in the application including plant and machinery and all other assets if so required by recommending/ sanctioning authority.
4. Applicants shall produce originals of any important documents if so required by the recommending / sanctioning authority for verification including :
  1. Title deed of land/land tax receipt if any/Lease agreement/rent agreement as the case may be.
  2. Ownership Certificate of building if any.
  3. Invoice or bill of Plant and machinery.
5. The applicant shall execute the requisite legal agreement online and if required on paper as and when the proposal is approved for implementation and furnish the signed

hard copy subsequently via post or otherwise.

6. The applicant shall utilize the amount received only in the manner agreed upon.
7. The applicant shall operate the unit as stipulated in the agreement in which the quantum of support received, failing which the assistance shall be resumed by restoring the provisions of Kerala Revenue Recovery Act.

#### General Provisions.

1. The assistance under the scheme shall be released to the eligible entrepreneur by bank on a pro-rata basis.
2. All applications for assistance under the scheme shall be submitted by the applicant and produce the originals along with details before the Recommending Authority.
3. The Officer while accepting the application form should examine whether all necessary details have been furnished. If any information is found inadequate the same should be intimated to the applicant unit both electronically and otherwise and grant 10 days time to rectify the defects.
4. The assistance shall be disbursed by sanctioning authority through the financing institution which has financed the unit on their executing an agreement with the sanctioning authority in the prescribed format.
5. Industrial units which receive the assistance will be under obligation to remain working continuously for three years from the date of receipt of grant. However, it is necessary that a unit shall be a working one as on date of release of the assistance.
6. The unit shall not have availed any grant assistance earlier under any schemes of Government of India & Government of Kerala or Local Self Government Department.

#### Appeals

Appeals shall be filed before the Director of Industries & Commerce within 30 days from the date of issue of orders of the General Manager, District Industries Centres concerned, No appeal after this period will be entertained. The appeal shall be disposed of as far as possible within 3 months from the date of receipt of appeal after giving the appellant an opportunity of being heard whenever necessary.

#### Recoveries & Penalties

Any assistance under the scheme to an industrial unit is liable to be refunded by the unit with interest at the rate of 14% per annum from the date of receipt of the same, on issue of registered demand notice to the unit by the Recommending/Sanctioning Authority on ground of obtaining assistance by misrepresentation, forgery or deception or not found working continuously for 3 years from the date of receipt of grant. All amounts due to Government under this provision shall, in case of default, be recoverable as if they are arrears of land revenue under the provisions of the Kerala Revenue Recovery Act, 1968 or in such other manner as Government may deem fit. Sufficient opportunity to show cause in writing shall however be granted to the units before a demand raised against it.

#### Funds

Funds for the scheme shall be met from the head of account 2851-00-102-25(p) wherein an amount of Rs.250 lakh is earmarked for Margin Money Grant to Nano units during 2020-2021. The Director of Industries & Commerce have the full powers to prepare applications forms, form of agreement and any other formats required for the proper implementation of the scheme, and to make, sub-rules, check list if any, required; without altering the guidelines.