

**“SAROTHI”– THE START-UP ASSAM
&
ITS OPERATIONAL GUIDELINES**

1. Introduction:

The entrepreneurs of the State, more particularly the 1st generation entrepreneurs are facing problem to convert their ideas into reality due to lack of adequate resources in the form of equity, loan, etc. Getting loan or financial assistance from Bank/Financial Institutions for any new venture is a major problem in the State as Banks/Financial Institutions are very reluctant to provide loan considering it as a risk for them. To remove this hurdle of equity /fund crunch, the State Government has proposed to launch a new scheme called Chief Minister's Start-up fund “Sarothi” with an initial amount of Rs.10 Cr during 2016-17. The fund shall be managed by the Industries & Commerce Department as per its operational guidelines. The scheme shall be operational from the financial year 2016-17 and shall be valid for a period of five years.

Proposed guidelines of the scheme do not supplement the argument given above as it do not propose to give equity support, instant aimed at giving interest concession.

2. Objective of the scheme:

The basic objective of the scheme is to provide financial assistance in the form of loan with Interest subvention through a designated Bank covering whole of Assam. The loan so availed by the beneficiaries will be supported by the State Govt. through **Interest Subvention @ 5% P.A.**

3. Designated Bank:

The financial assistance has been proposed to be provided in the form of Interest Subvention on loan (Term Loan +Cash Credit) @ 5% P.A. initially through Assam GraminVikash Bank (AGVB) to applicant industries. Later on Government may bring in more bank/s under the purview of the scheme.

As Assam GraminVikash Bank don't have it existence in the Hill Districts of the Assam viz, Karbi Anglong &DimaHasao, DIC, Govt. of Assam shall arrange to rope in any other Bank for implementation the scheme in those Districts.

4. Coverage and Target group:

The coverage of the scheme shall be:-

- (1) All innovative start-up industrial activities and new individual applicant shall be eligible to get the benefit under the scheme.
- (2) New MSME units.
- (3) Priority shall be given to the applicant having any kind of skill development training.
- (4) The applicant should not be a defaulter of any Bank/ Financial Institution.

5. Role of the State Government:

- (1) All new innovative start-up industrial activities and individual applicant for new unit shall be eligible for interest subvention on credit upto Rs.- 10.00 lakh.
- (2) The funding of this Subvention will be met out of the fund parked at the Escrow Account to be specifically maintained at Assam GraminVikash Bank, Chandmari, Guwahati Branch.
- (3) DICC shall finalise AGVB Branch wise/District-wise target for a financial year and communicate it to the AGVB Head Office and get it accepted by the bank before starting the process of selection of beneficiaries under the scheme.
- (4) On receipt of the Application by DICC from the applicant, it shall be scrutinised by the official of DICC and placed before District level Committee (DLC) constituted for approval.
- (5) DLC shall include the Branch Manager of the nodal Branch of AGVB in the district, who will be involved in the process of selection of beneficiaries under the scheme.
- (6) On receipt of approval of the DLC, the proposal shall be forwarded to the concerned Branch/es of Assam GraminVikash Bank for sanction.
- (7) The department of Industries &Commerce, Govt.of Assam shall participate in the joint inspection of the units financed under the scheme along with the bank officials of the financing branch periodically to ensure utilization of loan instalments before release of the subsequent loan instalments to the beneficiaries to ensure creation of asset and successful implementation of the scheme.
- (8) The department of Industries &Commerce, Govt.of Assam shall assist the Bank in the recovery of loans sanctioned under the scheme and participate in the joint recovery drives, as and when requested by the Bank.

6. Financial Assistance & Equity:

- (1) Loan amount shall be maximum of Rs. 10.00 lakh.
- (2) Equity/Promoter's Margin shall be 15% of the project cost.
- (3) All the beneficiaries under the scheme will be eligible for interest subvention on credit up to Rs.10.00 Lakhs.
- (4) Banks will charge the borrowers as per their respective lending norms and 5% will be subvented in the loan accounts of the beneficiaries by the DIC, GOA based on claim prepared by the bank and submitted to the DIC, GOA. The balance interest

calculated (@ **Lending Rate** of Interest levied on the loan amount disbursed minus 5%) will be repaid by the Borrower in Equated Monthly Installment (EMI).

The beneficiary who fails to meet his/her repayment obligations in time and the account becomes NPA, the benefits of interests subvention will not be available to them from the date of account becoming NPA. All other eligible beneficiaries shall continue to get the benefit of interest subvention for a maximum period of 5 years or the agreed term of the loan whichever is less.

- (5) A Current Account (Escrow Account) shall be opened at AGVB, Chandmari Branch by DIC or parking of the fund “ SAROTHI “ – THE START-UP ASSAM received from the State Govt.
 - (6) The Bank will have the authority to debit the Escrow Account to realize the Interest Subvention @5% due to the bank on the loan amount disbursed as on the last day of each quarter of the financial year.
 - (7) The Bank will not charge any processing fees/ documentation fees from the beneficiaries. The processing fees/ documentations fee shall be borne by DIC, govt. of Assam on behalf of the beneficiaries as per the extent guidelines of the bank or at a specified rate of 3% of the sanctioned amount as mutually agreed by the Bank and DIC, GOA. As such, the Bank will also have the authority to debit the Escrow Account to realize the one time processing fees/ documentation.
7. In order to avail the Interest Subvention on credit up to Rs.10.00 Lakhs extended to the beneficiaries under the Scheme, all branches of the Bank across the State are required to submit their claims to the Head Office of the Bank for onward submission to the Commissionerate of Industries and Commerce, Assam on a quarterly basis as at June 30th, September 30th, December 31st and March 31st of the corresponding Financial Year. The claims for the last quarter of the Financial Year should be accompanied by a Statutory Auditor’s Certificate (in original) certifying the claims of the Corresponding Financial Year as true and correct.

The Bank will submit Quarterly Utilisation Certificate indicating interest subvention amount transferred from the Escrow Account to the loan account of eligible beneficiaries as well as the amount of processing fees/ documentation fees realised by the Bank from the Escrow account.

8. Rate of Interest on the Loan:

The rate of Interest on the loan shall be as per prevailing lending rate of the bank and the rate of the interest is subject to change from time to time as per directives of the Bank/ NABARD/ RBI.

9. Moratorium period:

There shall be an interest free moratorium period of maximum 10 months from the date of first disbursement depending upon the nature of activity undertaken by the beneficiary.

10. Penal Interest on default on repayment:

Penal interest over and above the normal rate of interest p.a. shall be charged on default in repayment of loan to the Bank as per the extant guidelines of the Bank and the aggregate of such penal rates shall not exceed 2% p.a.

11. Processing Fees/ Documentation Charge/ Supervision Charge etc.:

The bank will not charge any processing fees/ documentation fees from the beneficiaries. The processing fees/documentation fees shall be borne by DIC, GOA on behalf of the beneficiaries as per the extant guidelines of the Bank or at a specified rate of 3% of the sanctioned amount as mutually agreed by the Bank and DIC, Govt. of Assam.

12. Repayment of the Loan:

The loan amount shall be repayable over a period of time depending upon the nature of activity and as per terms and conditions of the Bank usually not exceeding 5 years.

13. Security

- (1) Hypothecation of Plant & machinery, Miscellaneous Fixed Assets and other assets Created out of loan.
- (2) Hypothecation of Current Assets (Raw material Stock, Semi-finished products, finished Products, etc).
- (3) There shall be no liquid security against the loan.
- (4) The borrower should pay the premium against the insurance of the hypothecated assets for its full value with Bank clause and deposit a copy of the insurance Policy in the financing bank branch. The responsibility of keeping the insurance cover in force by paying annual premium lies with the borrower. The life of the borrower also shall be covered under the group credit Life Insurance Policy, as applicable in the Bank.
- (5) As AGVB is not an MLI under CGTMSE, the loan shall not be covered under the Credit Guarantee Fund Trust for Micro and Small Enterprise (CGTMSE) scheme.

14. Procedure for submission of application, approval, sanction and disbursement:

- (1) Application for the financial assistance under the scheme shall be submitted to the concerned General Manager, District Industries & Commerce Centre (DICC) in prescribed form (Annexure-A) along with the supporting documents as per checklist annexed with the application form.
- (2) DICC shall finalize AGVB branch-wise/ district-wise target for the financial year and communicate it to the AGVB HO and get it accepted by the Bank before starting the process of selection of beneficiaries under the scheme.
- (3) On receipt of the application by DICC, from the applicants, it shall be scrutinized by the officials of DICC and placed before the District Level Committee (DLC) constituted for approval.
- (4) DLC shall include the Branch manager of the nodal branch of AGVB in the district, who will be involved in the process of selection of beneficiaries under the scheme.
- (5) On receipt of the approval of the DLC, the proposal shall be forwarded to the concerned Branch/es of Assam GraminVikash Bank for sanction.
- (6) On receipt of the proposal from DI&CC, concerned branch will examine the proposal thoroughly with due diligence and dispose of (sanction/rejection) to the proposal within 30 days.
- (7) DLC shall approve number of proposals only as per pre-determined target for the district and after ascertaining the eligibility criteria as per the guideline of the scheme. Waiting list may be maintained at DLC level to replace any proposal is rejected by Bank due to valid reason after careful appraisal with due diligence. The rejected proposal shall be returned to the sponsoring agency (concerned DIC) stating the reason for rejection within 15 days of receiving the proposal by the branch.
- (8) DLC will avoid selection and forwarding of proposal to the branches of AGVB beyond the pre-determined target set for the branch/ district.

15. District Level Committee (DLC):

The District Level Committee shall be as follows:

1	General Manager DICC.	Chairman
2	Branch Manager of Nodal Branch of Assam GraminVikash Bank in the district.	Member
3	Functional Manager or designated district Nodal Officer	Member Secretary

Terms of References:

1. The Committee shall meet as and when necessary.
2. The Committee shall examine the application/s and also approve the list of Beneficiaries for providing finance under the scheme.
3. The members/s of the committee will suggest remedial measures for any Difficulty faced while selecting the beneficiaries.
4. The Member Secretary shall circulate the list of beneficiaries to the Hon'ble Member of Legislative Assembly of the district for information.

16. State Level Committee (SLC):

The State Level Committee shall be as follows:

1	Commissioner & Secretary of Industries & Commerce, Assam	Chairman
2	Chairman , AGVB	Member
3	Chief General Manager, NABARD	Member
4	Commissioner of Industries & Commerce, Assam	Member
5	Addl. Director of Industries & Commerce	Member Secretary

Terms of References:

1. The Committee shall meet as and when necessary.
2. The Committee shall examine the progress and review the implementation of the Scheme.
3. The members of the Committee shall review the suggestion given by the DLC on remedial measures for difficulty faced during selection of the beneficiaries.

17. Data Base Management

A Management Information System (MIS) shall be developed to keep all records of the scheme. AGVB shall develop a separate scheme code for SAROTHI-Start-up Assam Scheme.

18. Monthly Reporting system:

The General Manager, DICC shall submit monthly report online to the Commissioner of Industries & Commerce on or before 7th of every month as per Annexure-B and C.

19. Signing of loan agreement etc:

The selected applicants shall sign the documents as per the procedures laid down by AGVB.

20. Field Visit:

The General Manager, DICC and AGVB shall make regular field visits to ensure the status of the units financed. In case of failure to implement or willful default, immediate action shall be taken as per norms and rules.

21. Amendment/ Modification, etc.

The State Government (the Industries and Commerce Department) reserves the right to Amend any provision(s) or withdraw any provision(s) as and when necessary, in the Interest of the general Public.

Application form for Sarothi

<i>Paste Recent Passport size Photograph</i>
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- 1 Name of the Applicant (Block Letter) :
- 2 Son/Daughter/Husband of (name) :
- 3 Complete Postal Address :
- 4 Phone No & E-mail address (if any) :
- 5 Date of Birth :
- 6 Academic Qualification :
- 7 Particulars of participation of any Training :
- 8 Address of Factory/Shop/Workshed , as applicable :
- 9 Whether Belongs to SC/ST/OBC/Minority Community : Yes/No
If Yes, then Please Select: SC/ ST/ OBC/ Minority Community and attach the certificate from the competent authority.
- 10 Name of the Bank Branch from where the loan is applied for :
- 11 Details of the scheme/Activity opted for :
(a) Name of the Activity/scheme proposed for :
(b) Whether any innovative activity opted for, if so please provide a note separately :
(c) Proposed Project cost :
- 12 In case of term loan requirements, the details of machinery (Wherever applicable) may be given as under (for new unit):

Type of Machine/ Equipment	Purpose for which Required	Whether Imported or Indigenous	Name of Supplier	Total Cost of Machine	Contribution being made by the promoters	Loan Required

- 13 Address and Identity proof :
- (a) Identity Proof (Any of the following): :
- Voter Identity Card/ PAN Card/ Driving Licence/ Job Card/ Aadhaar Card/ Identity Card (subject to the satisfaction of bank (any one)
- ID No:
- (b) Address Proof :
- Electricity Bill/ Telephone Bill/ Bank Account Statement of any other bank/ Letter from reputed employer/ Letter from recognized public authority verifying the address of the customer to the satisfaction of the bank/ Ration Card
- Address Proof No:
- 14 Registration No : EM-I/Udyog Adhar No and date :
- 15 Trade License, No and Date (if available) :
- 16 Proposed Financial performances :
- (a) Proposed net Sales during current year(in Rs) :
- (b)Proposed net profit during current year (in Rs) :
- (c) Estimated net profit for next year (in Rs) :

Declaration

I do here by declare that all the information furnished in the application and the documents annexed with application form is true to best of my knowledge and I shall be punishable if any information found incorrect or false. Further, I declare that I am not a defaulter of any Bank/Financial Institution.

Date:-

Place :-

Signature of the applicant

Check list

Documents shall be submitted along with the application:

Following are the documents as applicable and necessary shall be submitted along with the application:

1	Application in the prescribed format (as per Form-A)
2	Two copies of Passport size photo graph (black & white)
3	Entrepreneurs Memorandum Part-I (EM part-I) , Udyog Adhar, as applicable.
4	Scheme /project Report of the proposed activity.
5	Identity Proof:- (Any of the following) Voter Identity Card/ PAN Card/ Driving License/ Job Card/ Aadhaar Card/ Identity Card
6	Address Proof (Any of following): - Electricity Bill/ Telephone Bill/ Bank Account Statement of any other bank/ Letter from reputed employer/ Letter from recognized public authority verifying the address of the customer to the satisfaction of the bank/ Ration Card /Voter Identity card
7	Trade license, if any
8	Certificate of training , if any
9	Certificate of OBC/SC/ST/Physically handicraft, if any
10	Any other documents likely to be provided by the applicant.

Annexure-B

Application Received

Sl no	Name of the applicant	Activities opted by the applicant	Total cost	project	Date of submission at DICC

Annexure- C

Monthly Consolidated Report

Name of the DICC:

Reporting month:

No of application received upto the month	Application during the month (Numbers)	Total at the end of the month	No of DLC held up to the end of month	During the month	DLC held at the end of the month
1	2	3	4	5	6
AGVB_1					
AGVB_2					
AGVB_3, etc					

No of applications selected upto the month	Applications selected during the month (Numbers)	Total applications selected at the end of the month	No of applications forwarded to AGVB up to the end of the month	Applications forwarded during the month	Applications forwarded to the AGVB at the end of the month
7	8	9	10	11	12
AGVB_1					
AGVB_2					
AGVB_3, etc					

No of applications sanctioned upto the month	Applications sanctioned during the month (Numbers)	Total applications sanctioned at the end of the month	No of applications disbursed by AGVB up to the end of the month	Applications disbursed during the month	Applications disbursed at the end of the month
13	14	15	16	17	18
AGVB_1					
AGVB_2					
AGVB_3, etc					

Amount disbursed upto the month (Rs. in Lakh)	Amount disbursed during the month (in lakh)	Total amount disbursed at the end of the month (in Lakh)
19	20	21
AGVB_1		
AGVB_2		
AGVB_3, etc		