

PROJECT PROFILES FOR NORTH EASTERN REGION



PROJECT PROFILES
for
NORTH EASTERN REGION



भारतीय लघु उद्योग विकास बैंक

अत्यंत लघु, लघु एवं मध्यम उद्योगों को हम बनाते हैं सक्षम

Toll Free No.: 1800 22 6753

www.sidbi.in



SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

We empower Micro, Small & Medium Enterprises

PROJECT PROFILES FOR NORTH EASTERN REGION



Small Industries Development Bank of India

We empower Micro, Small & Medium Enterprises

<http://www.sidbi.in>

October, 2008



वित्त मंत्री
भारत
नई दिल्ली - 110001
FINANCE MINISTER
INDIA
NEW DELHI-110001

MESSAGE

All-round development of the North Eastern Region is our national priority and commitment. The Region is endowed with immense natural and human resources. To harness this potential and accelerate overall socio-economic development in the Region, we have to make special efforts. The growth process has to be inclusive and balanced. This calls for providing holistic support to entrepreneurs in the Region. Banks and financial institutions have an important role to play to usher in the process of financial inclusion.

2. The Government of India is committed to the progress of North Eastern Region. Every major Ministry in the Union Government spends at least 10 per cent of its budgetary allocation for the North Eastern Region. Most centrally sponsored schemes provide assistance to the North Eastern States with a grant component of 90 per cent. Additional funds are provided for special packages to address the specific requirements and needs of the Region. The Ministry of Development of North Eastern Region (DONER) has been specially created to act as a facilitator for the North Eastern States to ensure that their development is accelerated with the support of the Government of the India.

3. I am happy to know that SIDBI has brought out a compendium of 100 project profiles for the use of micro and small entrepreneurs in the North Eastern Region. SIDBI's compendium of project profiles has come at an appropriate time and will not only bridge an important information gap for the budding entrepreneurs but also help the bankers in taking informed credit decisions.

4. I congratulate SIDBI and extend my good wishes to this endeavour.


(P. Chidambaram)



ARUN RAMANATHAN
SECRETARY



भारत सरकार
वित्त मंत्रालय
वित्तीय सेवाएँ विभाग
जीवन दीप भवन, तीसरी मंजिल
१०, पार्लियामेन्ट स्ट्रीट,
नई दिल्ली-११०००१

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
JEEVAN DEEP BUILDING, 3RD FLOOR
10, PARLIAMENT STREET,
NEW DELHI-110 001
TEL. : 23340222, FAX : 23340027, 23092839 (N.B.)

Message

I am happy to know that Small Industries Development Bank of India (SIDBI) has come out with a compendium "Project Profiles for North Eastern Region", containing 100 project profiles on a wide range of Micro Enterprises for the Region.

The North Eastern Region has abundant resources for setting up of Micro, Small and Medium Enterprises (MSME) units in agro and food processing, eco-friendly building materials, handlooms and handicrafts and the service sector. One of the critical factors needed for grounding of micro and small units is the availability of information on project cost, sources of raw materials, machinery, market potential, etc. These project profiles will assist entrepreneurs in project formulation and minimize risks in implementation.

(Arun Ramanathan)



भारतीय रिजर्व बैंक
RESERVE BANK OF INDIA

उप गवर्नर

Deputy Governor

www.rbi.org.in



Foreword

The Reserve Bank of India gives high priority for upgrading the banking services in North Eastern Region (NER) in tune with the Government's efforts for development of the region. Setting up of the Committee on Financial Sector Plan for NER including Sikkim under the aegis of Reserve Bank of India (RBI) reflected its intention to address the constraints of the region in a more focused and State specific manner. The Committee has made recommendations which have far reaching implications for financial inclusion of the people of NER. In order to escalate the progress of implementation of the recommendations, the RBI has also constituted a High Level Monitoring Group which periodically reviews the progress of implementation of the recommendations as also gives directions to the various implementing agencies to take these recommendations to their logical conclusions.

The initiative of SIDBI to make available project profiles for projects in tiny sector in respect of industries relevant for NER is an important development in this context. SIDBI has already brought out two sets of compendium of project profiles for NER. These have been widely accepted in the Region. This is the third set of compendium comprising 100 project profiles. These profiles cover the projects under agro, food processing, construction, chemical and plastic industries, as also, service sector. The compendium also contains 13 profiles of handloom and handicraft activities. Each profile highlights the market potential, manufacturing process, machinery/equipment, list of probable suppliers indicating cost of project and other essential information. Thus, the profiles contain essential information that any entrepreneur would like to have before considering setting up of an enterprise in NER.

I sincerely hope that this compendium contributes to bridging the information gap as well as in facilitating germination of a number of industries in the Region. This, coupled with other initiatives of the Government of India and SIDBI, such as, guarantee cover for loans under CGTMSE and EDPs, is expected to further the cause of industrialization and economic development of NER with greater emphasis on financial inclusion.

With wide publicity to availability of project profiles and their periodical updation, the cause of development of NER will be well-served. I compliment SIDBI on this initiative.


(Usha Thorat)

केन्द्रीय कार्यालय भवन, शहीद भगतसिंह मार्ग, मुम्बई - 400 001, भारत
फोन : (022)2261 1083/2261 1084 फैक्स : (022) 2267 5794, ई मेल: ushathorat@rbi.org.in

Central Office Building, Shahid Bhagat Singh Marg, Mumbai - 400 001. INDIA
Tel:(022)2261 1083/2261 1084 Fax:(022)22675794 E-mail: ushathorat@rbi.org.in

हिंदी आसान है, इसका प्रयोग बढ़ाइए

Introduction

Small Industries Development Bank of India (SIDBI), as the principal financial institution for the Micro, Small and Medium Enterprises (MSME) sector, always endeavours to usher in a holistic development of MSMEs. As a part of its Promotional and Developmental initiatives, the Bank is committed to widen and deepen the spirit of entrepreneurship all over the country, more particularly, in the North-Eastern Region (NER). SIDBI has always accorded high priority and special thrust to the economic development of NER. The Bank has also been nurturing and developing the entrepreneurship-spirit in the NER by way of tailor-made Entrepreneurship Development Programmes (EDP) and Rural Industries Programmes (RIP). The primary objective of SIDBI's promotional activities in NER is to ensure economic empowerment of the Region so as to bring it under the fold of inclusive growth process.

Towards this end, SIDBI has undertaken the initiatives to make available project profiles of having economic relevance to the micro enterprises in the NER. Such project profiles bridge the information gap and help the NER entrepreneurs to take up the projects according to their skills, economic relevance and availability of local raw materials. The Bank has already brought out two sets of compendium of project profiles which were well-received by the entrepreneurs in the Region and helped them in setting up various projects. In view of the success of the earlier two profiles and demand for more such project reports, SIDBI has brought out this third compendium comprising 100 project profiles. The present compendium contains project reports for 78 manufacturing activities under the nine broad categories of agro-based industries, building material, chemical products, demand based products, food processing, handloom & handicrafts, leather, plastic products and veterinary products, as also 22 projects in the services sector. These activity-specific profiles contain useful information and data pertaining to the areas of financial viability, costing, initial capital expenditure, sources of raw material, market potential, etc. The compendium also provides other information, such as, NE industrial policy, procedures and incentive schemes of Government of India, details of credit guarantee scheme, specialised rating agency for MSME, etc.

These project profiles are expected to act as guide-posts in setting up of new enterprises and bring about significant industrial development in the Region. While these project profiles provide a wide information platform, the entrepreneurs may note that the project costs are only indicative and based on FY 2008 prices. Similarly, the machineries and their suppliers listed in the profiles are also only illustrative. The entrepreneurs may, therefore, like to take informed decisions after ascertaining the current prices of the raw materials, finished products, machineries and their availability from other suppliers as well.

I take this opportunity to thank North-Eastern Industrial & Technical Consultancy Organisation Ltd. (NEITCO) for preparing the project profiles.

While reiterating SIDBI's commitment to the overall economic development of the NER, the Bank would continue to strengthen the information base of NER entrepreneurs by bringing about such project profiles in future as well.


(R. M. Malla)

Chairman and Managing Director
Small Industries Development Bank of India

C O N T E N T S		
SL. No.	AGRO BASED INDUSTRIES	PAGE NO.
1	AYURVEDIC HAIR OIL	1
2	AYURVEDIC MEDICINE CUM MASSAGING UNIT	5
3	CITRONELLA OIL	11
4	FLORICULTURE	15
5	HAIR OIL	20
6	HERBAL EXTRACTION PLANT	23
7	INCENSE STICK	26
8	LEAF PLATE AND BOWL	30
9	MANUFACTURE OF SHAMPOO	33
10	MUSHROOM CULTIVATION AND PROCESSING	37
11	PROCESSING OF HERBS & AROMATIC PLANTS	40
12	BIO DIESEL FROM JATROPHA	43
BUILDING MATERIAL		
13	BRICK PLANT (TRADITIONAL)	48
14	CLAY BRICK PLANT	51
15	CONCRETE PRODUCTS - WELL RINGS	55
16	FUEL (Coal) BRIQUETTING	59
17	HOLLOW CONCRETE BLOCK	62
CHEMICAL BASED		
18	BLEACHING POWDER	65
19	FIRE WORKS / CRACKERS	68
20	GOLD PLATING ON METALLIC OPTICAL FRAMES AND JEWELLERY	72
21	PHENYL MAKING	77
22	UTENSILS WASHING POWDER	81
23	WASHING SOAP	84
DEMAND BASED PRODUCTS		
24	CATTLE AND POULTRY FEED	89
25	DISPOSABLE PLASTIC SYRINGES	93
26	FILE COVER AND FILE BOARD	97
27	GENERAL ENGINEERING WORKSHOP	101
28	HOSIERY ITEM (COTTON KNITTED GARMENTS)	104
29	HOT WATER BAGS & ICE BAGS	107
30	PAPER MADE CARRY BAG	111
31	SURGICAL BANDAGE	114
32	SYNTHETIC DETERGENT POWDER	119
33	TARPAULIN	122
34	WOVEN SACKS FOR FERTILIZERS	126
FOOD PROCESSING		
35	BAKERY	130
36	BEATEN RICE [CHIRA1	134
37	CARBONATED SOFT DRINK	138
38	DALMUG BHUJIA	142
39	DIARY PRODUCTS	146
40	FRESH DRINKING WATER	150
41	ICE CREAM MAKING	154
42	MINI DAL MILL	159
43	MIXED FRUIT JAM, JELLY, PICKLE MAKING	163
44	NOODLES MAKING	169
45	PAPAD MAKING	172
46	PARBOILED RICE MILL	175
47	PASTEURISED MILK & CREAM	180
48	POTATO CHIPS MAKING	184
49	SCENTED SUPARI PROCESSING	188
50	SPICE GRINDING AND PACKAGING	190
51	TEA PROCESSING	196
52	TOMATO SAUCE	200

C O N T E N T S		
SL. No.	AGRO BASED INDUSTRIES	PAGE NO.
53	BAMBOO MAT BOARD	205
54	BANANA FIBRE EXTRACTION &WEAVING	208
55	CANE & BAMBOO FURNITURE UNIT	212
56	COIR SPINNING UNIT	217
57	COIR YARN / ROPE OF COMMERCIAL GRADE	220
58	DECORATIVE HANDLOOM PRODUCTS	223
59	DIVERSIFIED JUTE HANDICRAFTS PRODUCTS	226
60	JUTE BAGS MAKING	229
61	JUTE PRODUCTS [SUTLI / ROPE]	234
62	JUTE WEAVING	239
63	MUGA & MULBERRY SILK WEAVING	242
64	TERRACOTTA WARE	245
65	YARN DYEING	248
	LEATHER	
66	LEATHER GOODS MANUFACTURING	251
	PLASTIC BASED	
67	BIO DEGRADABLE SHEETS / CARRY BAGS	254
68	DISPOSABLE PLASTIC CUP	258
69	HAWAI CHAPPAL	262
70	MOSQUITO NET	266
71	PLASTIC COMB, MUG, BUCKET CONTAINERS ETC.	269
72	BLOW MOULDED PLASTIC PRODUCTS	273
73	RUBBER FOOTWEAR	279
74	WIRE NETTING	284
75	PLASTIC WATER STORAGE TANK	287
76	PVC PIPE MANUFACTURING UNIT	291
	SERVICE	
77	AGRICULTURAL MACHINERY & EQUIPMENT REPAIRING & SERVICING	296
78	ASSEMBLING OF INVERTERS AND VOLTAGE STABILIZERS	299
79	AUTOMOBILE BODY BUILDING UNIT	304
80	AUTOMOBILE ELECTRICAL WORKS BATTERY RE-CHARGING	308
81	AUTOMOBILE REPAIRING AND SERVICING	311
82	BEAUTY SALON / FITNESS CENTRE	315
83	CELL PHONE SERVICING & REPAIRING	319
84	COLOUR PROCESSING STUDIO	322
85	CYBER CAFE / XEROX / LAMINATION	326
86	DESKTOP PUBLISHING	329
87	DIAGNOSTIC CENTRE	332
88	DIGITAL PHOTOGRAPHY & COLOUR PHOTO	335
89	DRY CLEANING UNIT / LAUNDRY	340
90	ELECTRICAL APPLIANCES - REPAIRING AND SERVICES	344
91	ELECTRICAL PANEL BOARD AND ROOF TRUSSES	348
92	ELECTRONIC GOODS [TV1 REPAIRING &SERVICING	354
93	REPAIRING AND SERVICING OF DG SET / ELECTRIC MOTOR / PUMPS	357
94	STEEL FABRICATION / SHUTTER / GRILL	361
95	STONE CHIPS	365
96	TWO WHEELER REPAIRING AND SERVICING	368
97	TYRE RETREADING CENTRE	371
98	VEHICLE WHEEL CAP	375
	VETARINARY	
99	ORNAMENTAL FISH FARM	378
100	POULTRY HATCHERY UNIT	383
	ADDITIONAL INFORMATION FOR THE BENEFIT OF ENTREPRENEURS	388
	NORTH EAST INDUSTRIAL AND INVESTMENT PROMOTION POLICY (NEIIPP) 2007	389
	CREDIT GUARANTEE FUND TRUST FOR MICRO AND SMALL ENTERPRISES (CGTMSE)	393
	SME RATING AGENCY OF INDIA LTD.	397
	SIDBI BRANCH NETWORK IN NORTH EASTERN REGION	399

Additional information for the benefit of entrepreneurs

1. Under the scheme operated by CGTMSE, credit guarantee cover is available for all collateral and third party guarantee free loans up to Rs.50 lakh. The eligible activities include all manufacturing and service sector enterprises. The guarantee cover is provided by CGTMSE for a nominal guarantee / annual service fee. Details may be obtained from the Local Lending Institutions, www.cgtmse.org.in , office of the Lead Bank in the district or Local office of SIDBI.
2. The entrepreneur may also obtain approvals related to specific industries as per the local laws in place. Details may be obtained from the District Industries Centre / local offices of the Lending Institutions.
3. The Government offers certain incentives to units set up in North Eastern Region. The details may be obtained from the District Industries Centre / concerned State Government Department / NEDFi / www.nedfi.com
4. The debt-equity ratio, margin money requirements, etc., given in the project profiles are indicative. These norms / financing patterns would depend on norms / parameters of respective lending institutions / banks.
5. The Bank does not guarantee accuracy of the data as they have been prepared by North-Eastern Industrial & Technical Consultancy Organisation Limited (NEITCO) from multiple sources, both primary and secondary. The entrepreneurs are advised to cross-check the prices of raw materials, finished products as also prices and suppliers of plant and machinery before taking a decision. It also does not accept any responsibility whatsoever for any consequence arising from the use of the information contained in the document.

File No.10 (3)/2007-DBA-II/NER
Government of India
Ministry of Commerce and Industry
Department of Industrial Policy and Promotion

New Delhi dated the 1st April, 2007.

OFFICE MEMORANDUM

Subject: North East Industrial and Investment Promotion Policy (NEIIPP), 2007

The Government has approved a package of fiscal incentives and other concessions for the North East Region namely the '**North East Industrial and Investment Promotion Policy (NEIIPP), 2007**', effective from 1.4.2007, which, inter-alia, envisages the following:

(i) Coverage:

The North East Industrial Policy (NEIP), 1997 announced on 24.12.1997 covered the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. Under NEIIPP, 2007, Sikkim will also be included. Consequently, the 'New Industrial Policy and other concessions for the State of Sikkim' announced vide O.M. No.14(2)/2002-SPS dated 23.12.2002 and the Schemes thereunder i.e. Central Capital Investment Subsidy Scheme, 2002, Central Interest Subsidy Scheme, 2002 and Central Comprehensive Insurance Scheme, 2002, notified vide Notifications No. F.No.14(2)/2002-SPS dated the 24.12.2002 will be discontinued from 1.4.2007.

(ii) Duration :

All new units as well as existing units which go in for substantial expansion, unless otherwise specified and which commence commercial production within the 10 year period from the date of notification of NEIIPP, 2007 will be eligible for incentives for a period of ten years from the date of commencement of commercial production.

(iii) Neutrality of location:

Incentives will be available to all industrial units, new as well as existing units on their substantial expansion, located anywhere in the North Eastern Region. Consequently, the distinction between 'thrust' and 'non-thrust' industries made in NEIP, 1997 will be discontinued from 1.4.2007.

(iv) Substantial Expansion:

Incentives on substantial expansion will be given to units effecting 'an increase by not less than 25% in the value of fixed capital investment in plant and machinery for the purpose of expansion of capacity/modernization and diversification', as against an increase by 33½ % which was prescribed in NEIP, 1997.

(v) Excise Duty Exemption:

100% Excise Duty exemption will be continued, on finished products made in the North Eastern Region, as was available under NEIP, 1997. However, in cases, where the CENVAT paid on the raw materials and intermediate products going into the production of finished products (other than the products which are otherwise exempt or subject to nil rate of duty) is higher than the excise duties payable on the finished products, ways and means to refund such overflow of CENVAT credit will be separately notified by the Ministry of Finance.

(vi) Income Tax Exemption:

100% Income Tax exemption will continue under NEIIPP, 2007 as was available under NEIP, 1997.

(vii) Capital Investment Subsidy:

Capital Investment Subsidy will be enhanced from 15% of the investment in plant and machinery to 30% and the limit for automatic approval of subsidy at this rate will be Rs.1.5 crores per unit, as against Rs.30 lakhs as was available under NEIP, 1997. Such subsidy will be applicable to units in the private sector, joint sector, cooperative sector as well as the units set up by the State Governments of the North Eastern Region. For grant of Capital Investment Subsidy higher than Rs.1.5 crore but upto a maximum of Rs.30 crores, there will be an Empowered Committee Chaired by Secretary, Department of Industrial Policy & Promotion with Secretaries of Department of Development of North Eastern Region (DONER), Expenditure, Representative of Planning Commission and Secretary of the concerned Ministries of the Government of India dealing with the subject matter of that industry as its members as also the concerned Chief Secretary/Secretary (Industry) of the North Eastern State where the claiming unit is to be located.

Proposals which are eligible for a subsidy higher than Rs.30 crores, will be placed by Department of Industrial Policy and Promotion before the Union Cabinet for its consideration and approval.

(viii) Interest Subsidy:

Interest Subsidy will be made available @ 3% on working capital loan under NEIIPP, 2007 as was available under NEIP, 1997.

(ix) Comprehensive Insurance:

New industrial units as well as the existing units on their substantial expansion will be eligible for reimbursement of 100% insurance premium.

(x) Negative List:

The following industries will not be eligible for benefits under NEIIPP, 2007:-

- (i) All goods falling under Chapter 24 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) which pertains to tobacco and manufactured tobacco substitutes.
- (ii) Pan Masala as covered under Chapter 21 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986).
- (iii) Plastic carry bags of less than 20 microns as specified by Ministry of Environment and Forests Notification No.S.O. 705(E) dated 02.09.1999 and S.O.698 (E) dated 17.6.2003.
- (iv) Goods falling under Chapter 27 of the First Schedule to the Central Excise tariff Act, 1985 (5 of 1986) produced by petroleum oil or gas refineries.

(xi) Incentives for Service/other Sector Industries

Incentives under NEIIPP, 2007 will be applicable to the following service sector activities/industries:-

I. Service Sector :

- (i) Hotels (not below Two Star category), adventure and leisure sports including ropeways ;

- (ii) Medical and health services in the nature of nursing homes with a minimum capacity of 25 beds and old-age homes;
- (iii) Vocational training institutes such as institutes for hotel management, catering and food crafts, entrepreneurship development, nursing and para-medical, civil aviation related training, fashion, design and industrial training.

A number of tax concessions under the existing provisions of Section 10A and 10AA of the Income Tax Act are already available to the IT sector. However, one of the important impediments to the development of Software Technology Parks or IT related SEZs in the North Eastern Region is the non-availability of trained human resources in the North Eastern Region. Accordingly, tax benefits as is availed under Section 80 IC of the Income Tax Act would be extended to IT related training centers and IT hardware units.

II. Incentives for Bio-technology industry:

The biotechnology industry will be eligible for benefits under NEIIPP, 2007 as applicable to other industries.

III. Incentives for Power Generating Industries:

Power Generating plants will continue to get incentives as governed by the provisions of Section 81A of the Income tax Act. In addition, power generating plants upto 10 MW based on both conventional and non-conventional sources will also be eligible for capital investment subsidy, interest subsidy and comprehensive insurance as applicable under NEIIPP, 2007.

(xii) Establishment of a monitoring mechanism for implementation of the NEIIPP, 2007:

In order to establish a monitoring mechanism for implementation of NEIIPP, 2007, a 'High Level Committee' / an 'Advisory Committee' under the Chairmanship of Secretary, Department of Industrial Policy and Promotion and comprising Secretaries of the Ministries/Departments of Revenue, Department of Development of North Eastern Region (DONER), Banking and Insurance, Representative of Planning Commission, CMD, NEDFi as well as major stakeholders including the industry associations of the North Eastern region would be constituted. In addition, an 'Oversight Committee' will be constituted under the Chairmanship of the Union Commerce and Industry Minister with Industry Ministers of NE States as its members.

(xiii) Value Addition

In order to ensure genuine industrial activities in the North Eastern Region, benefits under NEIIPP, 2007 will not be admissible to goods in respect of which only peripheral activities like preservation during storage, cleaning operations, packing, re-packing, labelling or re-labelling, sorting, alteration of retail sale price etc. take place.

(xiv) Transport Subsidy Scheme

The Transport Subsidy Scheme would continue beyond 31.3.2007, on the same terms and conditions. However, an early evaluation of the scheme will be carried out with a view to introducing necessary safeguards to prevent possible leakages and misuse.

(xv) Nodal agency

The North East Industrial Development Finance Corporation (NEDFi) will continue to act as the nodal agency for disbursal of subsidies under NEIIPP, 2007.

2. The 'New Industrial Policy and other concession in the North Eastern Region' announced vide O.M. No.EA/1/2/96-IPD, dated 24.12.1997 (NEIP, 1997) will cease to operate with effect from 1.4.2007. Industrial Units which have commenced commercial production on or before 31.3.2007 will continue to get benefits/incentives under NEIP, 1997.

3. Government reserves the right to modify any part of the Policy in public interest.

4. All concerned Ministries/Departments of the Government of India are requested to amend their respective Acts/rules/notifications etc. and issue necessary instructions for giving effect to these decisions.

(N.N. Prasad)

Joint Secretary to the Government of India

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

Credit Guarantee Scheme

Introduction

Micro and Small Enterprises (MSE) sector acts as a pump-primer for economic development in majority of the developed and developing nations. The sustained growth of MSE sector in India in the post independence period has been possible due to the special attention bestowed by the policy makers, which has helped in balanced regional development, and raising standards of living of the rural population.

While SIDBI has attempted to address many of the problems of MSEs through its specialized windows / schemes, the problem relating to collateral security / third party guarantee is being mitigated through the Credit Guarantee Scheme, administered by Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).

The Credit Guarantee Scheme (CGS) for Micro and Small Enterprises has been launched by the Government of India to make available collateral and third party guarantee free credit to the industrial units in MSE sector, including those in the Information Technology and Software sector, and Small Scale Service Business (Industry related) Enterprises. Both the existing and the new industrial units are eligible to be covered under the scheme. The scheme has been launched by the Government in response to the general complaint by the society at large that owing to their inability to arrange collateral security and third party guarantee, the first generation entrepreneurs in the MSE sector find it extremely difficult to access credit from the organized banking sector. The banks on their part are extremely concerned about the growing rate of defaults in small loans and hence try to collateralize their exposure to the small borrowers. Keeping this in mind it was thought fit to create the instrument of Credit Guarantee to enhance the comfort level of the banks for financing loans, as well as a new gateway for MSE entrepreneurs to get funding without collateral security and / or third party guarantee.

The Ministry of Micro, Small and Medium Enterprises (MSME), GoI and Small Industries Development Bank of India (SIDBI), established a Trust named **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)** to implement the Credit Guarantee Scheme for Micro and Small Enterprises. The scheme was formally launched, on August 30, 2000. The corpus of CGTMSE is being contributed by the Settlers i.e. GoI and SIDBI in the proportion of 4:1, respectively. The Settlers have contributed Rs.1584.05 crore to the corpus of the Trust (as on August 31, 2008) against the target corpus of Rs.2500 crore.

Eligible Lending Institutions

The institutions, which are eligible under the scheme, are scheduled commercial banks, including Public Sector Banks, Private Sector Banks, Foreign Banks and select Regional Rural Banks (which have been classified under 'Sustainable Viable' category by NABARD). National Small Industries Corporation Ltd. (NSIC), North Eastern Development Finance Corporation Ltd. (NEDFi), and Small Industries Development Bank of India, have also been made eligible institutions. As on August 31, 2008, there were 64 Member Lending Institutions (MLIs) of the Trust, comprising 27 Public Sector Banks, 14 Private Sector Banks, 20 Regional Rural Banks and 3 other Institutions viz. NSIC, NEDFi and SIDBI. List of MLIs is enclosed at **Annexure-I**.

Eligible Credit Facility

The credit facilities which are eligible to be covered under the scheme are both term loans and working capital facility up to Rs.50 lakh per borrowing unit, extended without any collateral security or third party guarantee, to a new or existing unit in the Micro and Small Enterprises Sector.

Guarantee Cover

The guarantee cover available under the scheme is to the extent of 75 per cent of the sanctioned amount of the credit facility subject to maximum of Rs.37.50 lakh per borrowing unit. The coverage is 80% in respect of units promoted by women entrepreneurs, units located in North Eastern Region and for micro enterprises upto Rs.5 lakh subject to a maximum of Rs.40 lakh per borrower.

In case of MSEs in NER, guarantee cover is extended in respect of the credit facility co-financed by the MLIs with SIDBI out of the MSE Fund for NER created by SIDBI.

Tenure of Guarantee

The Guarantee cover under the scheme runs through the agreed tenure of the term loan / composite credit. The tenure is 5 years or block of 5 years, in case of working capital is covered under Credit Guarantee Scheme.

Fee for Guarantee

The fee payable to the Trust under the scheme is given below:

Credit Facility	Upfront Guarantee Fee		Annual Service Fee
	North East Region (incl. Sikkim)	Others	
Upto Rs.5 lakh	0.75%	1.00%	0.50%
Above Rs.5 lakh to Rs.50 lakh	0.75%	1.50%	0.75%

Website

The operations of CGTMSE are conducted on B2B portal through internet. The website of CGTMSE has been hosted at www.cgtmse.in.

ANNEXURE – I
Member Lending Institutions of CGTMSE

SCHEDULED COMMERCIAL BANKS

➤ **PUBLIC SECTOR BANKS**

- Allahabad Bank
- Andhra Bank
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Canara Bank
- Central Bank of India
- Corporation Bank
- Dena Bank
- IDBI Limited
- Indian Bank
- Indian Overseas Bank
- Oriental Bank of Commerce
- Punjab & Sind Bank
- Punjab National Bank
- Syndicate Bank
- UCO Bank
- Union Bank of India
- United Bank of India
- Vijaya Bank

➤ **SBI AND ITS ASSOCIATE BANKS**

- State Bank of India
- State Bank of Bikaner & Jaipur
- State Bank of Hyderabad
- State Bank of Indore
- State Bank of Mysore
- State Bank of Paitala
- State Bank of Travancore

➤ **PRIVATE SECTOR BANKS**

- HDFC Bank Ltd.
- ICICI Bank Ltd
- ING Vysya Bank Ltd.
- IndusInd Bank Ltd.
- The Jammu & Kashmir Bank Ltd.
- The Nainital Bank Ltd.
- The South Indian Bank Ltd.
- The Federal Bank Ltd.
- The Bank of Rajasthan Ltd.
- AXIS Bank Ltd.
- Kotak Mahindra Bank Ltd.
- Tamilnad Mercantile Bank Ltd.
- Karnataka Bank Ltd.
- Yes Bank Ltd.

➤ **REGIONAL RURAL BANKS**

- Select RRBs (20 Nos.)

➤ **OTHER LENDING INSTITUTIONS**

- National Small Industries Corporation Ltd.
- North Eastern Development Finance Corporation Ltd.
- Small Industries Development Bank of India



SME RATING AGENCY OF INDIA LTD (SMERA)

SME Rating Agency of India Ltd (SMERA) is the country's first & only dedicated rating agency for the MSMEs in India. SMERA was set up in 2005 as a joint initiative of SIDBI, Dun & Bradstreet and several leading public, private sector & foreign banks in the country, with an objective of facilitating flow of credit to MSMEs in the country. 24 banks have entered into MOUs with SMERA, out of which 11 banks have agreed to extend favourable credit terms, including reduction in interest rates to units rated by SMERA. SMERA has completed more than 2000 MSME ratings and many of the better rated SMERA units have started receiving benefits from the banking sector.

Ratings from SMERA could also help you to –

1. Market your enterprise to banks/overseas/domestic corporate for better terms and more business
2. Get Third party and professional insight in your business.
3. Enable comparison of your enterprise information with your industry to improve performance.
4. Build on your strengths and improve your weaknesses.
5. Get shortlisted for Government procurement tenders.

SMERA has offices in all the major metros and its associates also operate from SIDBI offices across the country. For the benefit of the MSME units in the North Eastern States, SMERA is shortly planning to locate its representatives in SIDBI office at Guwahati.

SMERA evaluates MSME units on the basis of its 3 years' financial as well as non-financial information. The rating process is completed within 15 days from the date of receipt of all information. Post rating, SMERA Rating certificate is shared with the rated unit, which can be presented to the banks and other institutions for availing of benefits.

If the benefit of SMERA ratings do interest you, then please fill up the attached fax response form and fax it to us on 00-91-22-67141142 , alternatively send us a mail at **www.smera.in**. On receipt of your fax or mail, our customer service executive will contact you for an appointment.



Fax Response Form

Please tick the boxes below:

- Yes, I want to meet SMERA's Rating Consultant to explain how SMERA ratings will help my company.
- Yes, I am interested in knowing how SMERA ratings will help my company but later, after _____ days.
- No, I am not interested in SMERA ratings

My contact details are as follows:

Name & Designation: _____
Company Name: _____
Address: _____
City _____ Pincode _____
Contact details: Phone: _____ Fax _____
Mobile: _____ E-mail _____
Line of Business: _____

SIDBI's Branch Network in North Eastern Region

Guwahati Regional & Branch Office

Small Industries Development Bank of India
GRO, IDBI Building, Opposite Sentinel Press,
G.S. Road, Guwahati – 781005
Phone : 0361 – 2429159, Fax : 2529545

Agartala

Small Industries Development Bank of India, Bijoy Kumar Chowmuhani
Krishna Nagar, Harish Thakur Road, Agartala – 799001
Phone : 0381-2323320, Fax : 2323320

Aizawl

Small Industries Development Bank of India
Mardin Tuikhuahtlang, Aizawl – 796001
Phone : 0389-2323424, Fax : 2323424

Dimapur

Small Industries Development Bank of India
IDC House, Kohima Road, Dimapur – 797112
Phone : 03862-225641, Fax : 225641

Gangtok

Small Industries Development Bank of India
Ragasha Building, Nam-Nam Road, Gangtok – 737101
Phone : 03592-203028, Fax : 223028

Imphal

Small Industries Development Bank of India
Imphal Urban Co-operative Bank Ltd. Building,
M.G. Avenue, Imphal – 795001
Phone : 0385-2451878, Fax : 2451878

Itanagar

Small Industries Development Bank of India
12, Tadar Tang Marg,
VIP Road, Bank Tinali, Itanagar – 791111
Phone : 0360-2211822, Fax : 2211822

Shillong

Small Industries Development Bank of India
Morello Building,
M.G. Road, Shillong – 793001
Phone : 0364-2222639, Fax : 2222639

Address of North Eastern Industrials & Technical Consultancy Organisation Ltd

NEITCO Ltd. G.S. Road, Bhangagarh, Guwahati-5.
Phone : 0361-2529470, 2529158, Fax : 0361-2529592

**SIDBI WEBSITE: <http://www.sidbi.in>
Toll Free No. 1800 22 6753**