



ABSTRACT

Subsidy – Back Ended Interest Subsidy to SSI units for technology upgradation and modernization etc. – Inclusion of Small Industries Development Bank of India as one of the eligible institutions for dissemination of subsidy – Ceiling of Rs.10 lakhs per beneficiary at flat 3% of back ended interest subsidy – Orders issued

Small Industries (Dev.2) Department

G.O.Ms.No.60

Dated: 14.6.2007

Read:

1. G.O.Ms.No.131, Small Industries Department dated 9.12.2003.
 2. G.O.Ms.No.99, Small Industries Department, dated 14.11.05.
 3. From the Zonal Chief, SIDBI, Chennai-35 DO Letter No.2029/SIDBI dated 20.9.06.
 4. From the Industries Commissioner and Director of Industries and Commerce Letter Rc.No. 46961/KC1/2006 dated 10.11.06 and 11.12.06
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ORDER:

In the Government Order first read above, Government introduced the Back ended Interest Subsidy Scheme for term loan under Technology Upgradation / Modernisation, National Equity Fund, ISO Certification, NSIC-SIDCO Consortium and CGFT specifying the rate of interest subsidy as the difference between the lending rate and the Prime Lending Rate with a ceiling of upto 3% as interest subsidy. Small Industries Development Corporation Limited was made as the Nodal Agency for the NSIC-SIDCO consortium scheme and the Tamil Nadu Industrial Investment Corporation Limited was designated as the Nodal Agency for the rest of the scheme.

2. Based on the request of TIIC, Government ordered in G.O.Ms.No.99, Small Industries, dated 14.11.2005, that the above subsidy was extended for the assistance made through Tamil Nadu Industrial Investment Corporation Limited by delinking the criteria of PLR so as to render the net interest rate to the beneficiary at 7.5% considering that Tamil Nadu Industrial Investment Corporation Limited is a term lending institution which offers loans at fixed rate for a longer term.

3. Further in respect of loan extended by banks the following orders were issued.

- (i) In respect of term loan obtained from Banks for the above mentioned schemes, if the lending rate to the borrower is above PLR, the back ended interest subsidy will be difference between the lending rate and PLR or 2% whichever is lower.
- (ii) For the term loans obtained from banks, in case the lending rate is below PLR, the back ended interest subsidy will be the difference between the PLR and lending rate or 3% whichever is lower.

4. The Zonal Chief, Small Industries Development Bank of India, Chennai in his letter dated 20.9.06 has requested that Small Industries Development Bank of India may be considered as one of the eligible institutions for dissemination of subsidy without linkage to PLR or bench mark rate of 10.5% on similar lines as being allowed to the Tamil Nadu Industrial Investment Corporation Limited so as to enable a large number of SSI units in Tamilnadu to get the benefit.

5. The Industries Commissioner and Director of Industries and Commerce who was consulted in the matter, has sent suggestions / modifications in the letter fourth read above, so as to increase the outreach of the scheme as well as make its implementation more successful.

6. The Government after careful examination of the request of Small Industries Development Bank of India and the suggestions / modifications putforth by the Industries Commissioner and Director of Industries and Commerce, pass the following orders:

- (i) Small Industries Development Bank of India is included as one of the institutions for dissemination of back ended interest subsidy to SSI units.
- (ii) The back ended interest subsidy will be at a flat rate of 3% of the prevailing term loan interest rate to units assisted by Tamil Nadu Industrial Investment Corporation Limited., Small Industries Development Bank of India and other Banks for term loans obtained for Technology Upgradation / Modernisation, under NEF scheme for ISO Certification / R & D and under NSIC-SIDCO Consortium / CGFT etc.
- (iii) The units with investment upto Rs.5 crores will be eligible for back ended interest subsidy.
- (iv) Funds for back ended interest subsidy will be provided under a common head of account instead of four separate sub heads.

6. This order issues with the concurrence of Finance Department vide its UO No.37623/Ind/07 dated 13.6.07.

(BY ORDER OF THE GOVERNOR)

VISHWANATH SHEGAOVKAR
SECRETARY TO GOVERNMENT (incharge)

To

The Industries Commissioner and Director of Industries and Commerce, Chennai-5.
All General Managers, District Industries Centres,
(through Industries Commissioner and Director of
Industries and Commerce)

The Zonal Chief, SIDBI, 480, Anna Salai, Chennai-600 035

The Accountant General, Chennai 6/18/35

Copy to

The Finance (Inds / Bg-II) Department,

The Industries Department, Chennai-9

Chief Minister's Office, Chennai-9

Special P.A. to Minister (Rural Industries), Chennai-9

Small Industries (OP) Department, Chennai-9

SF/SC

/FORWARDED BY ORDER/

SECTION OFFICER