INDUSTRIES (MIF.2) DEPARTMENT

G.O.(Ms).No.85

Dated: 08.03.2019

Read:


ORDER:

In the Government letter first read above, the Government ordered that Tamilnadu Industrial Investment Corporation Limited (TIIC) will act as Nodal agency for processing the requests for sanction of incentives viz., Soft Loan against VAT+CST paid, back ended Capital Subsidy and Environment Protection Infrastructure Subsidy for all non MoU projects coming under both Structured and Non Structured Package whose investment is below Rs.300 crore.

2. In the letter second read above, TIIC was requested to send draft operational guidelines for implementation of the scheme.

3. Earlier in G.O.(Ms).No.177, Industries (MIB.1) Department, dated 8.10.2013, the Government offered special package for the industries set up in specified 9 southern districts. Moreover, the Government framed New Industrial Policy, 2014 w.e.f. 4.8.2014.

4. Accordingly, in the letters third read above, TIIC sent the operational guidelines for the non MoU projects coming under both structured and non structured package whose investment is below Rs.300 crore based on the Tamil Nadu Industrial Policy 2014 including sanction and disbursement of incentives viz.

(a) Back ended Capital Subsidy and Environment Protection Infrastructure Subsidy
(b) Soft Loan against VAT+CST paid to the Government

(p.t.o.)
5. Further, the Managing Director, Tamilnadu Industrial Investment Corporation Limited (TIIC) has requested the Government to approve the operational guidelines for grant of subsidy for Mega/Large Scale Industries to facilitate the beneficiary units to avail the incentives through Tamilnadu Industrial Investment Corporation Limited.

6. The Government after careful consideration have decided to accept the proposal of Managing Director, Tamilnadu Industrial Investment Corporation Limited and accordingly hereby order the implementation of the operational guidelines for Tamilnadu Industrial Investment Corporation Limited. The operational guidelines is annexed to this order towards implementation of the mega subsidy scheme to facilitate the eligible beneficiary units to avail the subsidy viz., Soft Loan against VAT+CST paid, back ended Capital Subsidy and Environment Protection Infrastructure subsidy for all non MoU projects coming under both Structured and Non Structured Package whose investment is below Rs.300 crore.

7. The Managing Director, Tamilnadu Industrial Investment Corporation Limited is requested to take necessary action on the guidelines annexed to this order.

(BY ORDER OF THE GOVERNOR)

N.MURUGANANDAM
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Managing Director,
Tamilnadu Industrial Investment Corporation Limited
692, Anna Salai, Nandanam, Chennai 600 035.
The Managing Director (FAC),
SIPCOT, 19 A, Rukmani Lakshmipathy Road, Chennai 600 008.
The Principal Secretary/Industries Commissioner &
Director of Industries and Commerce,
SIDCO Complex, Guindy, Chennai – 600 032.
The Executive Vice Chairman,
Guidance Bureau, 19 A, Rukmani Lakshmipathy Road, Chennai 600 008.
The Additional Chief Secretary, Finance Department, Chennai – 600 009.
The Principal Secretary to Government,
Commercial Taxes & Registration Department, Chennai – 600 009.
The Secretary to Government,
Micro, Small and Medium Enterprises Department, Chennai – 600 009.
Copy to:
The Finance (BPE/Industries) Department, Chennai – 600 009.
Office of the Hon’ble Chief Minister, Chennai – 600 009.
Office of the Hon’ble Minister(Industries), Chennai – 600 009.
Industries(MIA/MIB/MID/MIE/MIG/Budget/OP.II) Department, Chennai-600 009.

SF/SC

// FORWARDED /BY ORDER //
Annexure- A to G.O.(Ms).No.85 dated:08.3.2019

OPERATIONAL GUIDELINES -- SANCTION AND DISBURSEMENT OF
back ended capital subsidy & Environment Protection Infrastructure Subsidy
for Mega/Large/Medium Scale Industries

1. Background:

The Government of Tamil Nadu has announced various incentives/ subsidies to the industrial units under Tamil Nadu Industrial Policy 2014. The main objective of granting incentives/subsidies is to attract investments; to achieve high growth rate; to achieve rapid industrialization of the Southern Districts of Tamil Nadu; and to create gainful employment opportunities and to double exports from Tamil Nadu.

For the purpose of administering the fiscal incentives, the districts of the state are classified as follows:

- **A - Chennai, Tiruvallur and Kancheepuram (3 districts)**
- **B - Other than A & C (20 districts)**
- **C - Southern Districts (9 districts)**

2. Nodal Agency:

With effect from 18.11.2013, The Tamilnadu Industrial Investment Corporation Limited (TIIC) has been nominated as the Nodal Agency for sanction and disbursement of Back Ended Capital Subsidy & Environment Protection Infrastructure Subsidy in respect of non-MOU Projects, set up in Tamil Nadu whose investment is below Rs.300 crores only.

3. “Southern Districts” (‘C’ Districts):

For the purpose of administering the fiscal incentives, the Southern Districts (9 districts) means the Districts of Madurai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thoothukudi and Kanniyakumari.

With a view to ensure that the fruits of industrialisation reach the southern districts of Tamil Nadu, Industries set up in the southern districts will be eligible for a special package which will be higher than the package available for the rest of the State.

4. Eligible Beneficiary:

   (i) Manufacturing units other than those belonging to categories in para 9 under the heading of Ineligible Industries will be eligible for incentives under this policy.

   (ii) New and Expansion manufacturing industrial projects set up in Tamil Nadu.

   (iii) The industrial units set up in Tamil Nadu for the first time by the existing companies having manufacturing units in other states.
(iv) Units that are located anywhere in Tamil Nadu with the following investment ranges & employment stipulation thereon:

<table>
<thead>
<tr>
<th>Investment in fixed assets/eligible fixed assets (Rs.in crore)</th>
<th>Direct employment (in numbers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 - 50</td>
<td>100</td>
</tr>
<tr>
<td>Above 50 - 100</td>
<td>200</td>
</tr>
<tr>
<td>Above 100 - 200</td>
<td>300</td>
</tr>
</tbody>
</table>

(v) Units that are located in A and B districts in Tamil Nadu with the following investment range & employment stipulation thereon:

<table>
<thead>
<tr>
<th>Investment in fixed assets/eligible fixed assets (Rs.in crore)</th>
<th>Direct employment (in numbers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 200 – 500*</td>
<td>400</td>
</tr>
</tbody>
</table>

*Note: TIIIC is the Nodal Agency for projects, wherein investment is below Rs.300 crores only.

(vi) “Mega Project” Units located in ‘C’ category districts, with the following investment range & employment stipulation thereon:

<table>
<thead>
<tr>
<th>Investment in fixed assets/eligible fixed assets (Rs.in crore)</th>
<th>Direct employment (in numbers) in 4 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 200 – 500*</td>
<td>100</td>
</tr>
</tbody>
</table>

*Note: TIIIC is the Nodal Agency for projects, wherein investment is below Rs.300 crores only.

(vii) New manufacturing facilities, set up by an existing company within existing facility or in a new site or in an adjacent vacant site, for manufacturing a product already manufactured in the existing unit or an entirely new product, would be treated as an expansion unit for the purpose of incentives under the policy, subject to production volume/value in the older unit being preserved.

(viii) Units which have availed any kind of capital subsidy/grant against the proposal for the same purpose and activity from the Central Government Department/Ministry/Agency or State Government are not eligible. However, units which availed interest subsidy/soft loan from Central Government/State Government or their Agencies are eligible to avail these subsidies.

Note:

(a) In the case of expansion project, the Base Volume principle will apply and there should be an increase in the production over and above the Base Volume of Production of the older units.

(b) Base Volume of Production of the company/existing units of the company/expansion project shall be based on audited financial statements of the company/Certification by the Statutory Auditors of the Company.
(c) An expansion project will be eligible for any incentive only after achieving Principle Base Volume (PBV) and for production in excess of PBV. PBV will be average of the production from the existing units in the state during the last 3 financial years immediately before the commencement of commercial production or the capacity of existing units, whichever is higher.

5. Eligibility norms for Investment & Employment and Quantum of subsidy:

(i) All major industries in categories A, B & C districts with the following investment ranges & employment stipulation thereon, will be eligible for the standard incentives as under:

<table>
<thead>
<tr>
<th>Investment in fixed assets/eligible fixed assets (Rs.in crore)</th>
<th>Direct employment (in numbers)</th>
<th>Capital subsidy (Rs.in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 - 50</td>
<td>100</td>
<td>0.30</td>
</tr>
<tr>
<td>Above 50 - 100</td>
<td>200</td>
<td>0.60</td>
</tr>
<tr>
<td>Above 100 - 200</td>
<td>300</td>
<td>1.00</td>
</tr>
</tbody>
</table>

(ii) All major industries in categories A & B districts with the following investment range & employment stipulation thereon will be eligible for the standard incentive as under:

<table>
<thead>
<tr>
<th>Investment in fixed assets/eligible fixed assets (Rs.in crore)</th>
<th>Direct employment (in numbers)</th>
<th>Capital subsidy (Rs.in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 200 – 500*</td>
<td>400</td>
<td>1.50</td>
</tr>
</tbody>
</table>

*Note: TIIC is the Nodal Agency for projects, wherein investment is below Rs.300 crores only.

(iii) “Mega Project” Units located in ‘C’ category districts with the following investment range & employment stipulation thereon will be eligible for the standard incentive as under:

<table>
<thead>
<tr>
<th>Investment in fixed assets/eligible fixed assets (Rs.in crore)</th>
<th>Direct employment (in numbers) in 4 years</th>
<th>Capital subsidy (Rs.in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 200 – 500*</td>
<td>100 (Investment start date on or after 04.08.2014)</td>
<td>1.50</td>
</tr>
<tr>
<td></td>
<td>400 (Investment start date prior to 04.08.2014)</td>
<td></td>
</tr>
</tbody>
</table>

*Note: TIIC is the Nodal Agency for projects, wherein investment is below Rs.300 crores only.

(iv) New or expansion manufacturing units located within SIPCOT Industrial parks in respect of A & B districts will be provided an additional capital subsidy of 50% over and above the eligible limit, enumerated in the tables above.
(v) For new manufacturing facilities or expansion projects to be set up in the existing (or) new SIPCOT Industrial parks in C districts, the back ended capital subsidy based on employment provided and investment made in eligible fixed assets as per the new Industrial Policy 2007 will be increased from 1.5 to 2 times.

(vi) New or expansion manufacturing units located outside the SIPCOT Industrial Parks in B & C districts which started investment on or after 04.08.2014 will be provided an additional capital subsidy of 10% and 25% respectively over and above the eligible limit, enumerated in the tables above.

(vii) Environmental Protection Infrastructure Subsidy:
- Dedicated Effluent Treatment Plant (ETP) and/or Hazardous Waste Treatment Storage and Disposal Facility (HWTSDF) set up by individual manufacturing units would be eligible for Environment Protection Infrastructure subsidy of Rs.30 lakhs or 25% of capital cost of setting up of such ETP/HWTSDF whichever is less.

6. Cutoff date for granting of subsidy:

Being the Implementation Agency as envisaged under the Tamil Nadu Industrial Policy 2014, the Cut-off date for granting the back ended capital subsidy & Environment Protection Infrastructure Subsidy by TIIC, shall be 18.11.2013, the date of Govt. Letter(Ms.) No. 191 dated 18.11.2013, by which The Tamilnadu Industrial Investment Corporation Limited (TIIC) is designated as the Nodal Agency for sanction and disbursement of above incentives in respect of non-MoU Projects set up in Tamil Nadu whose investment is below Rs.300 crores only.

Accordingly, the investment should have been commenced on or after 18.11.2013, and for all other investments made prior to that date, SIPCOT shall be the Implementation Agency.

7. Investment Period:

As investment period was not indicated/specified for lesser investment ranges it is proposed that, the Investment Period will be reckoned as under:

(i) All major industries in categories A, B & C districts

<table>
<thead>
<tr>
<th>Investment in fixed assets/eligible fixed assets (Rs.in crore)</th>
<th>Direct employment (in numbers)</th>
<th>Investment Period (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 - 50</td>
<td>100</td>
<td>2 Years</td>
</tr>
<tr>
<td>Above 50 - 100</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Above 100 - 200</td>
<td>300</td>
<td></td>
</tr>
</tbody>
</table>
(ii) All major industries in categories A & B districts

<table>
<thead>
<tr>
<th>Investment in fixed assets/eligible fixed assets (Rs. in crore)</th>
<th>Direct employment (in numbers)</th>
<th>Investment Period (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 200 – 500*</td>
<td>400</td>
<td>3 Years</td>
</tr>
</tbody>
</table>

*Note: [TIIC is the Nodal Agency for Projects, wherein investment is below Rs.300 crores only]*

(iii) “Mega Project” Units located in ‘C’ category districts

<table>
<thead>
<tr>
<th>Investment in fixed assets/eligible fixed assets (Rs. in crore)</th>
<th>Direct employment (in numbers)</th>
<th>Investment Period (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 200 – 500*</td>
<td>100</td>
<td>4 Years</td>
</tr>
</tbody>
</table>

*Note: [TIIC is the Nodal Agency for Projects, wherein investment is below Rs.300 crores only]*

8. Start Date for Investment Period & End Date for Creation of Stipulated Employment:

The start date for the respective investment periods, indicated for various investment ranges and category of districts, will be reckoned from the previous corresponding number of stipulated years, prior to the date of commencement of commercial production, which will be prima facie evidenced by the raising of the first invoice. In any case the investments should have been made on or after 18.11.2013, the date from which The Tamilnadu Industrial Investment Corporation Limited (TIIC) is designated as the Nodal Agency for sanction and disbursement of above incentives in respect of non-MoU Projects set up in Tamil Nadu, whose investment is below Rs.300 crores only.

However the respective stipulated employment thereon should be created within Investment period.

Explanation: Based on the documentary evidence produced by the Eligible Unit, the Implementing Agency will determine the Start Date for the Investment Period, subject to such directions as the Government may issue from time to time.

9. Ineligible Projects:

All manufacturing units belonging to the following categories are ineligible for subsidy:

1. Sugar Mills
2. Edible Oil Industries
3. Rice, Wheat and flour mills
(4) Mineral water and aerated soft drinks

(5) Alcoholic beverages
(6) Fertilizer and animal feed manufacture
(7) Mining and beneficiation
(8) Steel re-rolling, steel fabrication, stainless steel utensils
(9) Tobacco processing, cigarette or beedi manufacture
(10) Timber or wood processing
(11) Service or repair facilities
(12) Service sector
(13) Cement Industry
(14) Power Generation Projects
(15) Any other industries as may be notified by Government from time to time

The manufacturing units belonging to the categories other than those listed above are eligible for subsidy:

10. Computation of Investments:

Definition of EFA.

“Eligible Fixed Assets” shall mean land (including development cost such as fencing, construction of internal roads and other basic infrastructure facilities), permanent buildings, plants, indigenous machineries & equipments, newly imported equipments, computer equipments, material handling equipments (like forklifts, cranes, etc), tools, dies, moulds, jigs and fixtures and similar production tools owned and used within the plant, appliances, electrical installations, pollution control and quality control and laboratory equipments, fixtures, tubes, pipes, fittings and storage tanks, to the extent paid by the project.

The term also includes the waste treatment facilities, transformers, generators, captive power plants etc., and other supportive facilities installed for use in the premises including installation charges. All fixed Assets should have been paid for and should be owned by the project. All the Fixed Assets should be used and installed only within the Project Site.

Upto 20% of total eligible assets will be allowed for the Investment made in captive power plants (including windmills / solar farms), provided 50% of power is for captive consumption. The said term “Eligible Fixed Assets” excludes Intangible Assets*.

* “Intangible Assets” shall mean Technical know-how fees, R & D expenditure, pre-operative expenses, planning fees, expenditure on design and development of products and prototypes etc.,

Eligible Investment shall mean and comprise of eligible fixed assets plus the investment made on the following:-

The cost of development of the location of the Eligible Unit, which the unit has to incur under the Project and, it should not exceed 3% of the Eligible Investment in the project.

11. Computing of Eligible Fixed Assets and Employment Created:

a. Land:

Cost of the entire land allotted to the Company by the Government agencies/ SIPCOT can be taken into consideration. In case of units outside these
estates, registered value can be taken into consideration. Regarding the extent of land for computation, the land put to use (based on design plan) can alone be taken into account.

The land obtained/allotted on lease basis for 99 years can also be considered.

b. Building:

All the buildings and civil works that are permanent including pre fabricated structures like Galvalume Structures which are necessary for carrying out the production, training, research and development, testing and quality control lab, the godowns used for storing the raw materials and finished goods will be considered as part of eligible fixed assets and the same will be taken for the purpose of computing the investment in the project.

If the unit starts a new unit/ carry out its proposed expansion/ diversification in the existing building or in a secondhand building purchased for the proposed activity, the said land & building are not eligible for subsidy.

The following items of civil works are considered eligible for subsidy:

I. Administrative building (office)
II. Factory sheds including
   a. Godowns for Raw material and finished products.
   b. Cold storage.
   c. Laboratory room.
   d. Boiler shed
   e. Power/transformer room
   f. Generator shed
   g. Workshop/Maintenance shed
   h. Cooling tower
   i. Cooling tower ponds
   j. Overhead tank, bore wells, pump house and sump
   k. Drying yard
   l. Chimney
   m. Toilet
   n. Machinery foundation
   o. Canteen facilities
   p. Compound wall
   q. Fencing
   r. Security/Time office
   s. Dormitory for the use of workers
   t. Cycle/Vehicle stand
   u. Training Centers/Staff or Workers training facilities

The value of the building as certified by the Chartered Engineer may be taken as cost of the building.

Items not to be considered under building:

(i) Staff quarters
(ii) Rest house
(iii) Guest House

c. Machinery and Equipment:

Only new machinery purchased from machinery suppliers with sales tax registration will be considered. In respect of new imported machinery the
documents such as copy of Letter of Credit, Bill of Entry, Bill of Lading, duty and details of clearing charges paid etc., shall be furnished. Originals will also be produced for verification.

All the eligible fixed assets should be fully owned by the unit/company and there should not be any vendor liability. The entire eligible fixed assets should be within the factory site. The cost of the machinery purchased on hire purchase/lease basis and machinery leased out to third party shall be excluded. **Note:** All the investment in eligible fixed assets (i.e.) land, building and machinery as per the Government guidelines should duly be certified by the Chartered Engineer and the Chartered Accountant as per prescribed formats.

**Computation of Workers:**

*Direct Employment or Direct Job shall mean all jobs that are performed by employees who are on the rolls of respective companies which will include contract labor engaged in production line. It will however not include casual laborers.*

The percentage of contract laborers engaged shall not exceed 30%. The evidence for the employment of workers would be based on the related statutory returns filed with Provident Fund and a certification issued by the Statutory Auditors/Chartered Accountant of the unit.

**12. Time Limit for submission of application:**

The prescribed application forms with enclosures have to be submitted within 12 months from the date of commencement of commercial production, which will be prima facie evidenced by the raising of the first invoice, or 12 months from the date of issue of operational guidelines by the Government whichever is later.

**13. Condonation of delay:**

If the application is submitted beyond the time limit of 12 months from the date of commencement of commercial production (or) the date of issue of the operational guidelines whichever is later, CMD/MD of TIIC is authorized to condone the delay for a further period of 6 months based on the merits of the case.

**14. Processing of Subsidy application:**

Since TIIC has been appointed as Nodal/Implementation Agency by the Government, the procedure for processing of subsidy applications including the formats for application for above subsidies and all required certificates by Chartered Engineer/Statutory Auditors/Chartered Accountant/ any other agency shall be formulated by TIIC on obtaining approval of their Board. TIIC will adopt the following procedure for Processing of Subsidy applications:

(i) The eligible units should apply for capital subsidy/ Environmental Protection Infrastructure subsidy in the prescribed format with the required enclosures.

(ii) The applicant unit should pay the Processing Fees of Rs.50,000/- along with the GST as applicable at the time of filing the subsidy application.
(iii) The subsidy application shall be submitted along with certificates from the Statutory Auditors/Chartered Accountant (CA) of the company for the investment in eligible fixed assets for the project and Chartered Engineer (CE) for the creation of fixed assets in the prescribed formats.

(iv) Fixed Asset creation certificate from the banker, if the project is financed by Bank.

(v) Original/Copy of invoices for indigenous machinery, equipments and Stamped receipts for the payments shall be furnished. In case of payment made by cheques, evidence for realization of such cheques shall be furnished.

(vi) The documents for new imported machinery such as copy of Letter of Credit, Bill of Entry, Bill of Lading, duty and details of clearing charges paid etc. shall be furnished. Originals will also be produced for verification.

(vii) After submission/scrutiny of the application, inspection/verification of the assets shall be carried out by TIIC.

(viii) The unit should have obtained necessary building plan approval, TNPCB clearance and any other statutory clearances as applicable before sanction of subsidy.

(ix) The unit should submit copy of registered land document, receipts for payment of registration fee & stamp duty and valuation reports from the valuers registered under wealth Tax Act for the amount spent on Building shall be furnished.

15. Sanctioning Authority:

It is proposed that the following Directors of the Board of TIIC, and Quorum fixed as 3 (three) will be the Sanctioning Authority.

(i) The Chairman and Managing Director, TIIC
(ii) Additional Secretary to Government, Finance Department (or) the authorized representative from Finance Department.
(iii) Nominee Director from SIDBI in TIIC
(iv) The Independent Director in TIIC

The Sanctioning Authority may invite any other Government Department/Agency as an invitee at its discretion.

16. Legal Documentation:

The following documents shall be executed:

(i) Deed of Agreement for subsidy.
(ii) Deed of personal guarantee.
(iii) Corporate guarantee/Bank Guarantee if specifically stipulated.
17. Disbursement:

The subsidy will be released to the unit on the basis of completion of the Project, which will be prima facie evidenced by the raising of the first invoice, and subject to funds being made available by the Government.

However the Beneficiary Unit shall complete the investment within the mandatory investment period applicable to the Project, as mentioned under para 7 and should create the employment stipulated thereon within the Investment Period for Capital subsidy/ Environmental protection Infrastructure Subsidy.

(i) Units availed loan through Banks/Financial Institution:
In respect of units which have availed financial assistance through Banks/Financial Institutions, the eligible subsidy will be routed through banks/Financial Institutions who funded the project.

(ii) Units implemented out of own funds:
In respect of units implemented out of own funds, the subsidy shall be released directly to the beneficiary subject to the condition that the unit should remain in production for three years from the date of commencement of commercial production.

If the unit becomes sick or stops production within the period of three years from the date of commencement of commercial production, the beneficiary unit should refund the subsidy amount along with interest at applicable rate to the Government.

18. Budgetary allocation and funds availability:

Funds will be made available to Tamilnadu Industrial Investment Corporation Limited on the basis of funds requirement, on a half yearly basis during April / October each year, as projected by Tamilnadu Industrial Investment Corporation Limited. The Government will transfer funds based on detailed proposal submitted by TIIC, based on the eligibility of the unit for disbursement and on production of Utilization Certificate for the earlier releases.

19. Obligations to be complied by the beneficiary:

The Subsidy availed enterprises, for a period of 3 years from the date of commencement of commercial production, which will be prima facie evidenced by the raising of the first invoice,

(i) Should be in production

(ii) Should furnish certificate from their Statutory Auditors every year, with regard to employment of stipulated minimum number of direct workers.

(iii) Shall not change constitution/management/name and style of the enterprise without obtaining the prior approval from the Nodal Agency, (TIIC) (and Banks/Financial Institutions if the project is implemented with Banks/Financial Institutions assistance).

(iv) Shall not shift the location of the whole or part of the manufacturing facilities/project outside the state of Tamil Nadu.

(v) Shall not effect any contraction/disposal /sale of its fixed assets.

(vi) Shall not undertake merger or demerger with any other unit without obtaining the prior approval from the Nodal Agency, (TIIC) (and
OPERATIONAL GUIDELINES -- SANCTION AND DISBURSEMENT OF
back ended capital subsidy & Environment Protection Infrastructure Subsidy
for Mega/Large / Medium Scale Industries

Banks/Financial Institutions if the project is implemented with
Banks/Financial Institutions assistance, subject to their eligibility for
subsidy unaffected by such merger or demerger.

20. Refund of Subsidy:

Subsidy will have to be refunded by the beneficiary/assisted enterprise
with interest rate prescribed by the Government, if within a period of 3 years
from the date of commencement of commercial production, which will be
prima facie evidenced by the raising of the first invoice,

(i) the enterprise goes out of production.
(ii) there is any merger or demerger with any other unit without obtaining
    the prior approval from the Nodal Agency (TIIC) (and Banks/Financial
    Institutions if the project is implemented with Banks/Financial
    Institutions assistance).
(iii) the enterprise employed the direct workers less than the prescribed
     minimum number of direct workers for their project.
(iv) the unit disposes off any of the assets.
(v) the company shifts part or whole of the manufacturing facilities
     /project outside the state.
(vi) it is found at any time, that the subsidies have been obtained by
     misrepresentation of facts or by furnishing false information.

21. Monitoring:

TIIC will carryout inspections as and when required before/after release of
subsidy till completion of three years period from the date of commencement of
commercial production to verify the investor’s obligations required under the
scheme. If there is any non-compliance of obligations, TIIC/Government shall have
the right to recover the subsidy along with interest. Action will be taken as per the
documents executed and through District Revenue Authorities treating it as
Government dues.

22. Sanctioning Authority vis-à-vis Clarifications:

In case of any other clarification that may be needed while implementing the
subsidy schemes regarding the sanction of the Back Ended State Capital Subsidy
and Environment Protection Infrastructure Subsidy for Non-MoU Projects whose
investment is below Rs.300 crores only, the same may be sought from the
Government by TIIC for obtaining necessary clarifications to ensure smooth
implementation of the subsidy schemes.
Annexure- B to G.O.(Ms).No.85 dated: 08.3.2019

OPERATIONAL GUIDELINES -- SANCTION AND DISBURSEMENT OF
Soft Loan for Mega/Large Scale Industries

1. Background:

The Government of Tamil Nadu has announced Special Package of incentives to investors who come forward to set up industries both new manufacturing facilities and expansion projects, under Tamil Nadu Industrial Policy 2014. The main objective of granting incentives is to attract investments; to achieve high growth rate; to achieve rapid industrialization of the Southern Districts of Tamil Nadu; and to create gainful employment opportunities and to double exports from Tamil Nadu.

For the purpose of administering the fiscal incentives, the districts of the state are classified as follows:

- A - Chennai, Tiruvallur and Kancheepuram (3 districts)
- B - Other than A & C (20 districts)
- C - Southern Districts (9 districts)

“Southern Districts” for this purpose means the Districts of Madurai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thoothukudi and Kanniyakumari.

2. Nodal Agency:

With effect from 18.11.2013, The Tamilnadu Industrial Investment Corporation Limited (TIIC) has been nominated as the Nodal Agency for sanction and disbursement of incentives (viz.,) Soft Loan equal to the net output VAT + CST paid to the Government, in respect of non-MOU Projects, set up only in Tamil Nadu whose investment is below Rs.300 crores only.

3. Eligible Beneficiary units and norms:

   (i) Manufacturing units other than those belonging to categories in para 8 under the heading of Ineligible Industries will be eligible for incentives under this policy.

   (ii) New manufacturing units/Existing manufacturing units undertaking expansion with the investment in Eligible Fixed Assets as per the prescribed level.

   (iii) Units which have not availed soft loan equal to the net output VAT + CST paid against the project for the same purpose and activity from the Central Government Department /Ministry /Agencies /State Government or its agencies so far.

   (iv) Units located in Madurai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thoothukudi, and Kanniyakumari Districts only who are satisfying the eligibility norms.

   "C" category districts:

   Mega projects (new or expansion) will be eligible for a structured package of incentives if they satisfy both the investment and the minimum employment criteria as under:

<table>
<thead>
<tr>
<th>Category</th>
<th>Investment Range (Rs. in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mega Projects</td>
<td>Above 200 - 500*</td>
</tr>
<tr>
<td></td>
<td>And creating an employment of 100 in 4 years.</td>
</tr>
</tbody>
</table>

*Note: TIIC is the Nodal Agency for projects, wherein investment is below Rs.300 crores only.
Note:

Investments made below Rs.250 crores in Southern districts are also be eligible for receiving VAT related fiscal incentives as under, as applicable to the applicant units vide Government Orders viz., G.O.(Ms).No:177/101 of Industries (MIB.1) Department dated 08.10.2013 /04.08.2014 respectively:

<table>
<thead>
<tr>
<th>SIPCOT Estates</th>
<th>Applicable G.Os</th>
<th>Indicated for investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industries set up in the existing as well as in the new Industrial Parks to be developed by SIPCOT in Sivagangai, Ramanathapuram, Pudukottai, Dindigul, Theni, Virudhunagar, Thoothukudi, Tirunelveli and Kanniyakumari District</td>
<td>G.O.(Ms).No.177 of Industries (MIB.1) Department, dated 8.10.2013 G.O.(Ms).No.101 of Industries (MIB.1) Department, dated 4.8.2014.</td>
<td>even for less than Rs.250 crores, with lower limit at Rs.10 crores</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment Range</th>
<th>Soft loan given would be equal to net output VAT+CST paid in the</th>
<th>Fiscal Incentives offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs. 10 - 100 crores</td>
<td>First 3 years from the commencement of commercial production</td>
<td>Net Output VAT + CST paid will be given as Investment promotion Subsidy/ soft loan for 10 years from the date of commercial production with a ceiling of 100% of investment made in Eligible Fixed Assets within the investment period.</td>
</tr>
<tr>
<td>Above Rs. 100 - 200 crores</td>
<td>First 4 years from the commencement of commercial production</td>
<td></td>
</tr>
<tr>
<td>Above Rs. 200 - 250 crores</td>
<td>First 5 years from the commencement of commercial production</td>
<td></td>
</tr>
</tbody>
</table>

**As the criteria of direct employment creation is not specified in the policy, it is proposed to adopt minimum number of Direct employment creation as 100, the specified employment creation for Mega projects in “C” districts.

It is proposed to adopt the benefits proposed for Mega Projects in C category districts for the Industries set up in the existing as well as new industrial parks to be developed by SIPCOT for the Investment range Rs.200 – 500 Crores.

*Note: TiIC is the Nodal Agency for projects, wherein investment is below Rs.300 crores only.

Investments made below Rs.200 crores in Southern districts other than SIPCOT Parks are also be eligible for receiving VAT related fiscal incentives as under:
**As the criteria of direct employment creation is not specified in the policy, it is proposed to adopt minimum number of Direct employment creation as 100, the specified employment creation for Mega projects in “C” districts.

4. **Type of units to be covered under the scheme:**
   (1) The industrial units set up in Tamil Nadu for the first time by the existing companies having manufacturing units in other states.
   
   (2) New manufacturing facilities, set up by an existing company in a new site or in an adjacent vacant site within existing facility, for manufacturing a product already manufactured in the existing unit or an entirely new product, would be treated as an expansion unit for the purpose of incentives under the policy, subject to production volume/value in the older unit being preserved.

**Note:**

(i) In the case of expansion project, the Base Volume principle will apply and there should be an increase in the production over and above the Base Volume of Production of the older units. The soft loan equivalent to net output VAT+CST paid for the volume over and above the base volume of production (as certified by the CT/VAT authorities) to the Government will be considered.

(ii) Base Volume of Production of the company/ existing units of the company/ expansion project shall be based on audited financial statements of the company/ Certification by the Statutory Auditors of the Company.

(iii) An expansion project will be eligible for any incentive only after achieving Principal Base Volume (BPV) and for production in excess of PBV. PBV will be average of the production from the existing units in the state during the last 3 financial years immediately before the commencement of commercial production or the capacity of existing units, whichever is higher.

5. **Cut-off date for granting of Soft Loan:**

   Being the Implementation Agency as envisaged under the Tamil Nadu Industrial Policy 2014, the Cut-off date for granting the Soft Loan by TIIC, shall be 18.11.2013, the date of Govt. Letter(Ms.) No. 191 dated 18.11.2013, by which The Tamil Nadu Industrial Investment Corporation Limited (TIIC) is designated as the Nodal Agency for sanction and disbursement of Soft Loan equal to the net output VAT + CST paid to the Government in respect of non-MoU Projects set up in Tamil Nadu whose investment is below Rs.300 crores only.

   Accordingly, the investment should have been commenced on or after 18.11.2013, and for all other investments made prior to that date, SIPCOT shall be the Implementation Agency.
6. **Start Date for Investment Period & End Date for Creation of Stipulated Employment:**

The start date for the respective investment periods, indicated for various investment ranges and category of districts, will be reckoned from the previous corresponding number of stipulated years, prior to the date of commencement of commercial production, which will be prima facie evidenced by the raising of the first invoice. In any case the investments should have been made on or after 18.11.2013, the date from which The Tamilnadu Industrial Investment Corporation Limited (TIIC) is designated as the Nodal Agency for sanction and disbursement of above incentives in respect of non-MoU Projects set up in Tamil Nadu, whose investment is below Rs.300 crores only.

However the respective stipulated employment thereon should be created within the investment period.

**Explanation:** Based on the documentary evidence produced by the Eligible Unit, the Implementing Agency will determine the Start Date for the Investment Period, subject to such directions as the Government may issue from time to time.

7. **Quantum of Soft Loan for ‘C’ category Districts:**

Mega projects set up in these districts will be eligible for a structured package of incentives as detailed below:

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Investment Range &amp; Emolument (Rs.in crores)</th>
<th>Fiscal Incentives offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mega</td>
<td>Above 200 to 500* creating an employment of 100 in 4 years</td>
<td>Net output VAT+CST paid will be given as Investment Promotion subsidy#/ soft loan for 10 years from the date of commercial production with a ceiling of 100% of investment made in EFA within the investment period. In respect of expansion projects, the cap will be 100%. Base volume principle will be applied. No Sliding scale.</td>
</tr>
</tbody>
</table>

* Note: [*TIIC is the Nodal Agency for Projects, wherein investment is below Rs.300 crores only]*

@@@

(The investment period will be reckoned as the previous 4 years period, prior to the date of commencement of commercial production, which will be prima facie evidenced by the raising of the first invoice, and the stipulated employment should be created within the investment period)

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In the case of Investment Promotion Soft Loan, the cap will be the one fixed for the respective categories / class. In the case of Investment Promotion subsidy, the cap will be half of the one fixed for the respective category / class. The project/ company may exercise an one time option for availing either Investment Promotion soft loan or subsidy before the commencement of the commercial production.
8. **Ineligible Projects:**

All manufacturing units belonging to the following categories are ineligible for Soft Loan:

1. Sugar Mills
2. Edible Oil Industries
3. Rice, Wheat and flour mills
4. Mineral water and aerated soft drinks
5. Alcoholic beverages
6. Fertilizer and animal feed manufacture
7. Mining and beneficiation
8. Steel re-rolling, steel fabrication, stainless steel utensils
9. Tobacco processing, cigarette or beedi manufacture
10. Timber or wood processing
11. Service or repair facilities
12. Service sector
13. Cement Industry
14. Power Generation Projects
15. Any other industries as may be notified by Government from time to time

The manufacturing units belonging to the categories other than those listed above are eligible for Soft Loan:

9. **Computation of Investments:**

**Definition of EFA.**

"**Eligible Fixed Assets**" shall mean land (including development cost such as fencing, construction of internal roads and other basic infrastructure facilities), permanent buildings, plants, indigenous machineries & equipments, newly imported equipments, computer equipments, material handling equipments (like forklifts, cranes, etc), tools, dies, moulds, jigs and fixtures and similar production tools owned and used within the plant, appliances, electrical installations, pollution control and quality control and laboratory equipments, fixtures, tubes, pipes, fittings and storage tanks, to the extent paid by the project.

The term also includes the waste treatment facilities, transformers, generators, captive power plants etc., and other supportive facilities installed for use in the premises including installation charges. All fixed Assets should have been paid for and should be owned by the project. All the Fixed Assets should be used and installed only within the Project Site.

Upto 20% of total eligible assets will be allowed for the Investment made in captive power plants (including windmills / solar farms), provided 50% of power is for captive consumption. The said term "Eligible Fixed Assets" **excludes** Intangible Assets*.

* **"Intangible Assets"** shall mean Technical know-how fees, R & D expenditure, pre-operative expenses, planning fees, expenditure on design and development of products and prototypes etc.

**Eligible Investment** shall mean and comprise of eligible fixed assets plus the investment made on the following:-

The cost of development of the location of the Eligible Unit, which the unit has to incur under the Project and, it should not exceed 3% of the Eligible Investment in the Project.
10. Computing of Eligible Fixed Assets and Employment Created:

(a) Land:
Cost of the entire land allotted to the Company by the Government agencies/SIPCOT can be taken into consideration. In case of units outside these estates, registered value can be taken into consideration. Regarding the extent of land for computation, the land put to use (based on design plan) can alone be taken into account.

The land obtained/allotted on lease basis for 99 years can also be considered.

(b) Building:

All the buildings and civil works that are permanent including pre fabricated structures like Galvalume Structures which are necessary for carrying out the production, training, research and development, testing and quality control lab, the godowns used for storing the raw materials and finished goods will be considered as part of eligible fixed assets and the same will be taken for the purpose of computing the investment in the project.

If the unit starts a new unit/ carry out its proposed expansion/ diversification in the existing building or in a secondhand building purchased for the proposed activity, the said land & building are not eligible for subsidy.

The following items of civil works are considered eligible for Soft Loan:

(I) Administrative building (office)
II. Factory sheds including
(a) Godowns for Raw material and finished products.
(b) Cold storage.
(c) Laboratory room.
(d) Boiler shed
(e) Power/transformer room
(f) Generator shed
(g) Workshop/Maintenance shed
(h) Cooling tower
(i) Cooling tower ponds
(j) Overhead tank, bore wells, pump house and sump
(k) Drying yard
(l) Chimney
(m) Toilet
(n) Machinery foundation
(o) Canteen facilities
(p) Compound wall
(q) Fencing
(r) Security/Time office
(s) Dormitory for the use of workers
(t) Cycle/Vehicle stand
(u) Training Centers/Staff or Workers training facilities

The value of the building as certified by the Chartered Engineer may be taken as cost of the building.

Items not to be considered under building:

(1) Staff quarters
(2) Rest house
(3) Guest House
(c) Machinery and Equipment:
Only new machinery purchased from machinery suppliers with sales tax registration will be considered. In respect of new imported machinery the documents such as copy of Letter of Credit, Bill of Entry, Bill of Lading, duty and details of clearing charges paid etc., shall be furnished. Originals will also be produced for verification.

All the eligible fixed assets should be fully owned by the unit/ company and there should not be any vendor liability. The entire eligible fixed assets should be within the factory site. The cost of the machinery purchased on hire purchase/lease basis and machinery leased out to third party shall be excluded.

**Note:** All the investment in eligible fixed assets (i.e.) land, building and machinery as per the Government guidelines should duly be certified by the Chartered Engineer and the Chartered Accountant as per prescribed formats.

(d) Computation of Workers:
Direct Employment or Direct Job shall mean all jobs that are performed by employees who are on the rolls of respective companies which will include contract labor engaged in production line. It will however not include casual laborers.

The percentage of contract laborers engaged shall not exceed 30%. The evidence for the employment of workers would be based on the related statutory returns filed with Provident Fund and a certification issued by the Statutory Auditors.

11. **Time Limit for submission of application:**
The prescribed application forms with enclosures have to be submitted within 12 months from the date of commencement of commercial production, which will be prima facie evidenced by the raising of the first invoice, or 12 months from the date of issue of operational guidelines by the Government whichever is later.

12. **Condonation of delay:**
If the application is submitted beyond the time limit of 12 months from the date of commencement of commercial production (or) the date of issue of the operational guidelines whichever is later, CMD/MD of TIIC is authorized to condone the delay for a further period of 6 months based on the merits of the case.

13. **Processing of Soft Loan application:**
Since TIIC has been nominated as Nodal Agency, the procedure for processing of soft loan applications, including the same formats and all required certificates by Chartered Engineer /Statutory Auditors /Chartered Accountant/ any other agency, as applicable to that of Subsidy may be adopted which was formulated by TIIC regarding sanction and disbursement of Back Ended State Capital Subsidy & Environment Protection Infrastructure Subsidy for all Non- MoU Projects whose investment is below Rs.300 crores only.

(i) The eligible units should apply for sanction of Eligibility Certificate (E.C)/Soft Loan limit in the prescribed format with the required enclosures.

(ii) The applicant unit should pay the Processing Fees of Rs.50,000/- along with the GST as applicable at the time of filing the Soft Loan application.

(iii) The Soft Loan application shall be submitted along with certificates from the Statutory Auditors / Chartered Accountant (CA) of the company for the investment in eligible fixed assets for the project and Chartered Engineer (CE)
for the creation of fixed assets in the prescribed formats.

(iv) Fixed Asset creation certificate from the banker if the project is financed by bank.

(v) The documents for new imported machinery such as copy of Letter of Credit, Bill of Entry, Bill of Lading, duty and details of clearing charges paid etc, shall be furnished. Originals will also be produced for verification.

(vi) After submission/scrutiny of the application, inspection/verification of the assets shall be carried out by TIIC.

(vii) Then TIIC will carry out the assessment of investment made in eligible fixed assets towards the issue of Eligibility Certificate (E.C.)

The unit should have obtained necessary building plan approval, TNPCB clearance and any other statutory clearances as applicable before sanction of Soft Loan.

14. Sanction of Eligibility Certificate (E.C)/ Soft Loan Limit:

(i) TIIC will carry out the assessment of investment made in Eligible Fixed Assets towards the issue of Eligibility Certificate (E.C) which will be the "maximum soft loan limit" for that project.

(ii) Commercial Taxes Department/the CT Cell in TIIC, {Envisaged within the Incentives Department of TIIC, with the approval of the Board and the Government, preferably comprising an Assistant Commissioner and a Commercial Tax Officer, who will be on deputation basis to TIIC} will issue "The Eligibility Certificate (E.C) " for a particular project only once based on the investment made in Eligible Fixed Assets during the specified investment period only, after the duly prepared proposal in this regard by Commercial Taxes Department/the CT Cell in TIIC, is placed before and approved by the Sanctioning Authority as under in para 15.

(iii) Under any circumstances, actual Soft Loan disbursed shall not exceed "maximum soft loan limit" (i.e.) the amount of investment made in Eligible Fixed Assets as certified by TIIC towards the issue of Eligibility Certificate (E.C).

(iv) If the unit is eligible for output VAT incentive only, then Base Sales Volume would be the average of the local sales volume in Tamil Nadu in the last three financial year. After achieving the Principal Base Volume (BPV), soft loan/refund based on the output VAT and CST would be given only for the sales taking place from the new manufacturing facilities in excess of the Base sales volume.

(v) While fixing the initial quantum of Cap (Eligibility Certificate) for availing soft loan or Investment Promotion Subsidy, projects have to produce certificate from the Chartered Accountant who is the statutory auditor of the Company (CA) and Chartered Engineer (CE) certificate for creation of fixed assets in the prescribed format. TIIC will verify the original project documentation on creation of assets and confirm creation of fixed assets by way of physical verification before issue of eligibility certificate. TIIC after scrutinizing the application and relevant supporting documents, will issue Eligibility certificate for the project. The processing will also be utilized to compute the base volumes for project in consultation with Commercial Taxes department.

(vi) Projects have to produce CA & CE certificate for creation of additional fixed assets
also. Projects also have to furnish a declaration for non-disposal of assets every year till completion of period for which charge has to be created. In case of expansion projects, TIIC shall carry out a baseline survey of eligible fixed assets, direct employment and capacity as on starting date of the investment period.

(vii) In case of expansion projects, the net additional capacity created in the state by the investing company alone should be taken into account. If there is migration of any existing capacity of the investing company within Tamil Nadu, then the investment proportionate to this replacement capacity will be excluded from eligible fixed assets. Similarly, net additional employment generated alone will be taken into account. Migration of employment from any existing unit of the Company will be excluded.

15. Sanctioning Authority:
   It is proposed that the following Directors of the Board of TIIC, and Quorum fixed as 3 (three) will be the Sanctioning Authority.
   (i) The Chairman and Managing Director, TIIC
   (ii) Additional Secretary to Government, Finance Department (or) the authorized representative from Finance Department.
   (iii) Nominee Director from SIDBI in Tamil Nadu Industrial Investment Corporation Limited
   (iv) The Independent Director in TIIC

The Sanctioning Authority may invite any other Government Department/Agency as an invitee at its discretion.

16. Legal Documentation:
   After issuing the Eligibility Certificate (E.C.), a Charge should be created for the amount given in Eligibility Certificate which will be the maximum soft loan for the project as follows:
   First charge should be created by the unit for availing Soft Loan in favour of TIIC Limited being the Nodal Agency for the State Government for a period up to the end of repayment of Soft Loan if the project is implemented with own finance. Second Charge may be created for Soft Loan in case there is a problem for the unit in creating the first charge (i.e. if the project is implemented with financial assistance from Bank/Financial Institution (and if Bank/Financial Institution who funded the project refuses to give pari-passu first charge over the fixed assets of the company/unit).

The following documents are to be executed by the unit such as:
(1) Deed of hypothecation for soft loan
(2) Deed of personal guarantee for soft loan
(3) Equitable Mortgage by deposit of title deeds wherever applicable.
(4) Registered Agreement relating to deposit of title deeds wherever applicable.
(5) Deed of Corporate guarantee
(6) Any other documents as required by the Corporation

17. Disbursement:
   (i) The first release of Soft Loan shall take place only after the Eligibility Certificate (E.C) issued to the unit by Commercial Taxes Department/the CT
Cell in TIIC, and on creation of Charge on the assets as required by the Corporation.

(ii) Commercial Taxes Department/ the CT Cell in TIIC, [Envisaged within the Incentives Department of TIIC, with the approval of the Board and the Government, preferably comprising an Assistant Commissioner and a Commercial Tax Officer, who will be on deputation basis to TIIC] will subsequently issue the Original Certificates (O.C) indicating the amount eligible for Soft Loan in terms of the concerned G.O., which should not simply state the tax remitted but should indicate the amount eligible as incentive/soft loan after deducting the ineligible amounts. Eligible amount mentioned in the Original Certificates (O.C) by CT/VAT authorities will be taken as it is and there will not be any scrutiny by TIIC in this regard.

(iii) The unit should make a request to TIIC for release of Soft Loan along with Original Certificates (O.C) issued by Commercial Tax Department/ CT Cell in TIIC.

(iv) Release of Soft Loan will be done on yearly basis with reference to the balance available under the "maximum soft loan limit" given in the Eligibility Certificate (E.C) and the eligible period as applicable and availability of funds.

18. Repayment of Soft Loan:

Principal repayment:
The Soft Loan released in the first year will be permitted to be repaid in full before 30th April in the 4th/5th/6th/11th Financial Year as applicable. The soft loan released in the second year will be permitted to be repaid in full before 30th April in the 5th/6th/7th/12th Financial Year as applicable and so on.

Interest repayment:
The interest for Soft loan shall be paid @ 0.1% per annum from the date of disbursement in monthly installments.

Note:
A. A grace period of 3 days from demand due date may be allowed to pay the soft loan along with interest at applicable rates (i.e.) 0.1% per annum.

B. In case of default in repayment of principal or interest or both of the due amounts beyond the grace period mentioned above, the interest will be calculated at the rate prescribed by Govt. of Tamil Nadu with effect from demand due date till date of settlement of amounts overdue and the interest demands will be raised on simple basis only.

19. Budgetary allocation and funds availability:
Funds will be made available to Tamilnadu Industrial Investment Corporation Limited on the basis of funds requirement, on a half yearly basis during April / October each year, as projected by Tamilnadu Industrial Investment Corporation Limited at the beginning of each half of the financial year. The Government will transfer funds as and when TIIC lodges the claims based on the eligibility of the unit for disbursement.

Soft Loan on net output VAT+CST paid to the Government will be considered for net output VAT+CST paid to the Government upto 30/06/2017 only, and there after suitable guidelines will be framed and taken up for approval of the Government.
20. **Release of First Charge on assets:**

The first charge/second charge created by the unit in favour of TIIC will be released by TIIC on completion of full repayment of Soft Loan to TIIC.

21. **Monitoring:**

TIIC will carry out inspections as and when required before/after release of soft loan till completion of full repayment of Soft Loan. If there is any non-compliance of obligations, a report must be sent to the Government immediately. TIIC/State Government shall have the right to recover the soft loan along with interest. Action will be taken as per the documents executed and through District Revenue Authorities treating it as Government dues.

22. **Sanctioning Authority vis-à-vis Clarifications:**

In case of any other clarification that may be needed while implementing the Soft Loan schemes, regarding the sanction and disbursement of Soft Loan equal to the net output VAT + CST paid to the Government, for Non-MoU Projects whose investment is below Rs.300 crores only, the same may be sought from the Government by TIIC for obtaining necessary clarifications to ensure smooth implementation of the Soft Loan schemes.

23. **Remittance of Soft loan Recoveries by TIIC:**

TIIC to raise demand with the company and soft loan dues recovered are collected with interest from projects will be remitted into Government Account then and there. A return of such remittances will be sent by TIIC to Government in the industries as well as Finance Department on a yearly basis. The penal interest will be decided by Government for defaulters.

24. **Quarterly Returns on Structured Package of Assistance:**

TIIC will send detailed return of various components of assistance released to each project within 15th day after end of each quarter to Government in the Industries and Finance Department, starting with April 15th for the 1st quarter. TIIC should also give details of the actual direct and indirect employment created by the Industry to enable the success of the policy to be evaluated.

**N.MURUGANANDAM**

PRINCIPAL SECRETARY TO GOVERNMENT

//--TRUE COPY//--

[Signature: L. R. Rajan]

SECTION OFFICER