

COIR UDYAMI YOJANA – FAQ

1. What is Coir Udyami Yojana?

Coir Udyami Yojana is a credit linked subsidy scheme to facilitate sustainable development of coir industry in the country through setting up modern production and processing units of coir and coir products.

2. Who can apply under the scheme?

Any Indian citizen above 18 years of age can apply under the scheme. There will be no income ceiling and the assistance under the scheme will be available to individuals, companies, self help groups, NGOs, institutions registered under Societies Registration Act, 1860, Production co-operative societies, joint liability groups and charitable trusts. However, the units that have already availed govt. subsidy under any other scheme of govt. of India or State govt. for the same purpose will not be eligible to claim any subsidy under the scheme.

3. What kind of units will be eligible for assistance under the scheme?

Assistance will be available for setting up any kind of units under coir sector with a maximum project outlay of Rs.10 lakhs.

4. Will more than one person be eligible for the assistance from the same family?

Only one person from one family will be eligible for the assistance. The family includes self and spouse.

5. Will the assistance be available for work-shed alone?

The assistance will not be available for work-shed alone. But can avail assistance for machinery alone or work-shed and machinery together.

6. Will Coir Board provide any training under the Scheme?

Yes, Coir Board will provide training for prospective entrepreneurs through an Entrepreneurship Development Programme on operational functions like finance, production, marketing, enterprise management, banking formalities, book keeping etc. The duration of the programme will be 5 days. Coir Board will also provide training facilities on manufacturing of coir products in the localities of applicants if sufficient number of entrepreneurs are forthcoming. Only those who have attended the

Entrepreneurship Development Programme will be considered for providing the assistance under the scheme.

7. What will be the quantum of assistance from the Government of India under the Scheme? Should it be repaid?

The Government of India will provide 40% of the project cost as subsidy (which need not be repaid) to the beneficiary. An applicant who submits a project worth Rs.10 lakhs would be provided with a subsidy amount of Rs.4 lakhs.

8. What will be the investment of the Entrepreneurs under the scheme?

The entrepreneur will have to invest only 5% of the project Cost ie. for a project worth Rs.10 lakhs, the investment to be made by the entrepreneur would be Rs.50,000/-.

9. Will there be any provision for working capital under the scheme?

Yes. The banks shall consider 25% of the project cost as working capital to the beneficiaries. Working capital and project cost together will be considered as composite loan by the bank for sanctioning. However, for working capital there will not be any subsidy from Coir Board.

10. What will be the role of banks in assisting the entrepreneurs and the rate of interest charged under the Scheme?

The banks will provide upto 55% of the project cost as loan for which the applicant need not give any collateral security. The rate of interest chargeable on the loan shall be at par with base rate and the repayment schedule will be 7 years after an initial moratorium.

11. Can the machinery required for the project be procured from any coir machinery manufacturer?

Yes, the machinery required for setting up of the coir unit can be procured from any coir machinery manufacturer who adhere to specified standards.

12. Where shall I get the application form and other details of the scheme?

The application forms are available at all the regional and sub-offices of Coir Board located in various states of the country or can be downloaded from the website of Coir Board, www.coirboard.gov.in. The details of the scheme are also available at the website. Online submission of application is also possible.

13. Which are the documents to be submitted along with the application and where the application should be submitted?

The following documents are to be submitted along with the application:

- i. Copy of title deed of the property in which the unit is proposed to be set up/already exists.
- ii. Proof of coir industry experience.
- iii. Proof of training availed of from Coir Board
- iv. List of machinery proposed to be purchased along with invoice
- v. Industrial establishment certificate issued by DIC
- vi. Plan & estimate for construction of workshed duly certified by Chartered Engineer.
- vii. Project profile of the proposed project
- viii. In case of SC/ST, copy of caste certificate or any other supporting documents as required by bank/Coir Board

The applications can be submitted to the Regional/Sub-offices of Coir Board in various parts of the country.

14. Which are the banks associated with the implementation of the Scheme?

- i. All the scheduled commercial banks listed in the 2nd schedule of the RBI Act.
- ii. All Regional Rural Banks
- iii. Co-operative banks who are Member Lending Institutions (MLIs) of the Credit Guarantee Trust Fund for MSME as well as through SC/ST/OBC Finance and Development Corporations.

15. Will I be able to avail of the loan facility under the scheme from the bank of my choice?

The loan facility would be available from all the nationalized/scheduled commercial banks which are covered under the Credit Guarantee Trust Fund Scheme of Government of India.

16. Will Coir Board provide any assistance for marketing of coir products manufactured by the beneficiaries of Coir Udyami Yojana?

Coir Board will assist the Coir Udyami Yojana beneficiaries to form marketing consortiums and each consortium will be eligible for an assistance of Rs.1/- lakh to meet formation expenses, cost of participation in exhibitions/fairs, hiring of display area in the showroom of other parties, hiring of personnel etc.

17. How the beneficiaries of the scheme can form consortiums?

A minimum number of 10 beneficiaries of the earlier REMOT Scheme or the new Coir Udyami Yojana can form a legal entity under Charitable Societies Act, Partnership firm, Private Ltd. Companies etc. who produces same type of coir products (or) including any value addition manufacturers can form the consortium and register it. They can avail of the services of own (or) empanelled agencies of Coir Board on making payment to them which will be reimbursed to them on producing the Consortium bank account and auditor statement of expenditure.

18. What are the other Marketing Support Assistances given by Coir Board under CUY?

Under the Scheme each consortium is given :

- (a) Formation Expenses – Up to Rs.1 Lakh per consortium.
- (b) Reimbursement of Expenditure incurred for participation in Fairs/Exhibitions towards space rent, transportation of goods and travel expenses (Limit: 5 Fairs a year- for the initial 5 years)
- (c) Hiring charges of space in showrooms/depots of other parties for exhibiting/selling the products (50% of the rent up to 25 cases for one consortium – initial 5 years).
- (d) Hiring charges of office premises (for 5 years – Sq.Ft. Area @Rs.25/- per sq.ft.) and employing personnel for managing the office- one Manager : Rs.5000/- , one Accounts Clerk :Rs.3000/- (Monthly).

19. What is the role of District Industries Centres in the implementation of Coir Udyami Yojana?

The applicants of Coir Udyami Yojana can submit their applications to the Regional Offices, Sub-Offices of the Board through District Industries Centres. One of the members of the Regional Selection Committees of the Scheme is District Industries Officer of the area. DIC is also the nodal agency for promotion of CUY Scheme and collection resource for application and to take up any issues with District Level Bankers' Committee Meeting.

20. Whether units which have availed of benefits under other schemes of Coir Board can apply for assistance under the scheme for technology upgradation?

Yes. However the units that have already availed of government subsidy for the same purpose under any other scheme of State/Central government for the same purpose are not eligible to claim subsidy under the scheme.

21. Whom should I contact for availing of the assistance under the scheme?

The applicants can contact the Regional Offices/Sub- Regional Offices/Office of the Coir Mark Scheme of Coir Board for submitting applications and availing of assistance under the scheme.

22. If banks are not giving loan on submitting application to RLSC and recommended to bank, what I have to do?

The applicant should be through with the project for which he has applied for loan. He should also satisfy the norms of banks. He can approach GM, DIC and District Level Bankers Committee for considering his application and submission may be made to Regional/Field Offices of the Board.

23. What is the time limit for submitting application, loan sanction and to establish the unit?

- (a) Applicants shall submit application within due date prescribed in the advertisement.
- (b) Bank shall intimate the loan sanction to the beneficiary within 60 calendar days on receipt of application duly recommended by the Regional Level Selection Committee.
- (c) The unit has to be established within 6 months from the date of release of Term loan by the bank.

24. Whether the subsidy amount of 40% will be deducted from the loan directly?

Yes, After two years, physical verification will be conducted and if the unit is working satisfactorily and repayment is being made regularly 40% subsidy will be deducted from the loan directly.

25. If coir units availing of CUY loan became defunct within 2 years, what will happen to the subsidy?

The subsidy amount will not be adjusted to the loan account of the beneficiary if the unit became defunct within 2 years and the subsidy will be returned back to Coir Board.

26. What is the collateral free loan and whether I have to give any collateral security for this scheme to avail of loan?

In collateral free loans, the beneficiaries need not give any security for obtaining loan from the Bank . Under the CUY, one need not give any collateral security.

27. What are term loan and composite loan?

Term loan is without considering the working capital for the project.

Composite loan envisages sanction and disbursement of Working Capital and term loan together from a single agency. In the present scheme the project cost is upto Rs.10 lakhs plus working capital which shall not exceed 25% of the project cost. Subsidy will be consider only for the project cost. As per the scheme Working capital is not attract any subsidy.

28. What is Credit Guarantee Trust Fund Scheme?

Ministry of Micro, Small & Medium Enterprises (MSME), Government of India launched Credit Guarantee Scheme (CGS) so as to strengthen credit delivery system and facilitate flow of credit to the MSE Sector. To operationalise the scheme, Government of India and SIDBI set up the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). The main objective of the scheme is that the lender should give importance to project viability and secure the credit facility purely on the primary security of the assets financed. The Guarantee covers any collateral/third party guarantee free credit facility (both fund as well as non fund based) extended by eligible institutions to new as well as existing Micro and Small Enterprises including Service Enterprises, with a maximum credit cap of Rs.100 lakhs. The CGS seeks to reassure the lender that, in the event of a MSE unit, which availed collateral free credit facilities, fails to discharge its liabilities to the lender, the Guarantee Trust would make good the loss incurred by the lender up to 75/80/85 percent of the credit facility.

29. Can I avail of CUY loan further to upscale or to manufacture value added products on second stage.

No. As per the Operational Guidelines, one time only one person from one family is eligible for financial assistance for setting up of projects under CUY. The family includes self and spouse.