Pradeep, who has no entrepreneurial background wants to start a business. He has all the right skills, motivation, and even a solid project in place. He intends to set his business running and get off to a flying start. But he encounters multiple teething problems during the take-off stage of the business units, with financial problems being the most prominent one. Pradeep is every other first generation entrepreneur who is in search for the right assistance to overcome these teething problems.

Some of the hassles that first generation entrepreneurs face when overcoming these teething problems are:

1. **FGEs' limited credit worthiness**

Access to loans is a challenge since banks have conservative lending practices. FGEs often do not get loans easily since their credit worthiness is limited.

2. **Borrowing high interest and bad loans**

First Generation entrepreneurs are usually pushed to taking up loans that carry the tag of high interest costs since they don't get loans with affordable rates of interest. These high interests have a bearing on the working capital and liquidity of the fund and might add to the existing burdens of the business.

3. **Possibility of being a prey of unreliable institutions**

First Generation Entrepreneurs often approach unreliable financial intuitions, because other financial institutions set high parameters for availing loans

4. **Collateral Security**

Lenders expectation to mortgage collaterals of high value, creates apprehension among First Generation Entrepreneurs to approach lenders. Many FEGs don't have such collaterals at hand to offer to lenders.

5. **No Experiential input**

Being the first one in the family legacy to pursue entrepreneurship, FGE have no experienced mentor to look upto. This leaves them with no other option than to spend more time in learning the way around and become an expert.

6**. Lack of knowledge**
First Generation Entrepreneurs are armed with enough passion. Where they often fall behind is a lack of financial and marketing proficiency required to execute the value proposition and make the business plan a success.

7. **Ties and link with industries**

Linking up and sourcing new ties for business often turns to be a limiting factor when building the business and sourcing for channels to amplify revenue generation capacity.

8. **Limitations in capacity building**

Capacity building is the foundation block for growth. FGEs have most need for capacity building support in the early stages, however, there is a limited presence of institutions, incubators and networks to provide capacity building support to early stage FGEs

As a Development Financial Institution of the State Government, TIIC can offer a one stop solution for the teething problems faced by first generation entrepreneurs.

They have instituted various beneficial schemes and let us delve into the details of certain schemes from the mix of schemes available.

Micro / Small Enterprises Funding Scheme (MSEF) For New Entrepreneurs

The objective of Micro / Small Enterprises Funding Scheme (MSEF) For New Entrepreneurs, from TIIC, is to provide financial assistance to the new as well as existing businesses in the Micro and Small sectors (whose overall project outlay, including project out lay does not exceed the quantum of 50 lakh).

Eligibility:
New enterprises in micro/small scale sector for manufacture, preservation or processing of goods irrespective of location and service sector projects except SRTO like hospitals, fast food, restaurant etc).

Existing Micro and Small Enterprises, Service enterprises undertaking expansion, modernisation, technology upgradation and diversification irrespective of locations.

Prop./Partnership/Ltd. companies.

Quantum of Loan:
For new units: TL: 80% of project cost subject to maximum of Rs. 40 lakh For existing units: TL: 75% of project cost subject to a maximum of Rs.37.50 lakh

Project Cost:
Project cost shall not exceed Rs. 50 lakh in case of new unit.

Promoter’s Contribution:
20% of Project cost (Minimum)
Debt Equity Ratio
New units - 4 : 1
Existing units - Below 3 : 1

Repayment Period :
The period shall not exceed 6 years including moratorium of 6 months.

Collateral Security:
As per the existing policy

The (MSEF) scheme for New Entrepreneurs is instituted for providing finance that will aid the creation of fixed assets and lay the base for asset building.

Another scheme that TIIC has in place for first generation is the New Entrepreneur cum Enterprise Development Scheme (NEEDS) identifying and that identifies and nurtures young talent to be successful entrepreneurs

New Entrepreneur cum Enterprise Development Scheme (NEEDS)

The objective of NEEDS isto identify educated youth, give them entrepreneurial training, assist in preparation of business plan, aid in tie up with banks/TIIC/SIDBI and link with major industrial clients to set up new business ventures.

Eligible Projects:

Micro and Small enterprises in manufacturing and service sectors which have obtained exemption partIy will be eligible for availing assistance under NEEDS.

Educated youth with any degree, Diploma, ITI/vocational training from a recognized institution and in the age group of 21-35 years under General category and 21-45 years under special category (Women/SC/ST/BC/MBC/Minorities/Ex-serviceman/ Transgender/Differently abled persons)

The applicant should be a resident of Tamilnadu State for not less than 3 years.

Income Ceiling - No income ceiling.

Partnership firms: Subject to satisfying the eligibility criteria by all the partners, partnership concerns may be considered for assistance under the scheme. However EDP training will be provided to only one of the partners authorized by other partners in such cases.

The assistance is available only for new projects.

Entrepreneur who availed assistance under PMRY/ PMEGP/ REGP/ UYEGPTAHDCO, SHG or any other scheme of Govt. of India or state Govt. will not be eligible for assistance.

Purpose:
Minimum Project Cost: Rs.5.00 lakh.

Maximum project cost: Rs.500.00 lakh.

For projects costing more than Rs.1.20 crore, subsidy component will be restricted to Rs.30.00 lakh.

Cost of land may be included in the project cost at Guideline value or market value whichever is lower.

Cost of construction of building such as office, workshed, laboratory etc. can be included in project cost subject to the condition that the cost of building shall not exceed 25% of project cost.

The valuation of building eligible for subsidy will be assessed by Branch manager, TIIC in respect of assisted units or as certified by the Chartered engineer, whichever is lower.

In respect of service enterprises, investment in capital expenditure should not be less than 25% of the total project cost.

In respect of Plant & machinery, only new machinery and secondhand machinery directly imported by the entrepreneur would be eligible.

The cost of leased/rental building shall not be included in the project cost.

Project cost will include capital expenditure and margin money for working capital. Capital expenditure will include investment on land, building, plant & machinery only. Projects without capital expenditure will not be eligible for finance under the scheme.

Training:
Entrepreneurship Development Institute (EDI), Guindy, Chennai will give training to the identified beneficiaries.

Financial Tie-up:
On successful completion of training, the beneficiaries will be helped to tie up with TIIC/Banks to avail term loan for manufacturing or service enterprises.

Promoter's Contribution:
10% for general category entrepreneurs.
5% for special category entrepreneurs.

Eligible Subsidy:
The quantum of subsidy will be 25% of project cost subject to a ceiling of Rs.30.00 lakh.

Repayment Period:
Upto 9 Years including holiday period of 2 years

Collateral Security:
50% on the proposed loan amount

With schemes like these, First Generation Entrepreneurs now need not about availability of funds being a steep step for growing the business. Reach out to TIIC for funding and building your business and witness it scale new peaks.

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