

ABSTRACT

Micro, Small and Medium Enterprises Department. –Tamil Nadu Startup and Innovation Mission (TANSIM) – Creation of Corpus of Rs.30.00 Crore with Institutional structure, Type of Assistance, Eligibility conditions and Plan of Implementation - To assist Startups by SC/ST Entrepreneurs – Orders – Issued.

MICRO, SMALL AND MEDIUM ENTERPRISES (A) DEPARTMENT

G.O. (Ms.) No.49

Dated: 06.07.2022

**திருவள்ளூர் ஆண்டு 2053
சுபகிருது வருடம், ஆனி 22**

Read:

- 1) Announcement made during Budget Speech by the Hon'ble Minister (Finance and Human Resources Management) for the year 2022-2023.
- 2) From the Chief Executive Officer / Mission Director/Chief Executive Officer, Tamil Nadu Startup and Innovation Mission Letter Rc.No.131/Announcement/TANSIM/2022, dated 20.05.2022.

ORDER:

During the Budget Speech 2022-2023, the Hon'ble Minister (Finance and Human Resources Management) has made the following announcement:-

"A corpus of Rs.30 Crore will be provided to Tamil Nadu Startup and Innovation Mission (TANSIM) to support startups by Scheduled Caste and Scheduled Tribe (SC and ST) entrepreneurs".

2. In the letter second read above, the Mission Director/Chief Executive Officer, Tamil Nadu Startup and Innovation Mission has submitted a proposal to Government for creation of Corpus of Rs.30.00 Crore for implementation of above announcement with the Institutional Structure, Type of Assistance to be provided to SC/ST entrepreneurs, Eligibility Conditions and Plan of Implementation so as to support the Startups by SC/ST Entrepreneurs.

3. The Government after careful examination of the above proposal decided to accept it and accordingly issue the following orders for creation of corpus of Rs.30.00 Crore (Rupees Thirty Crore only) with the Institutional Structure, Type of Assistance to be provided to SC/ST entrepreneurs, Eligibility Conditions and Plan of Implementation, so as to support the Startups by SC/ST Entrepreneurs:-

(1) Institutional Structure:

Tamil Nadu Startup and Innovation Mission shall be the implementing agency which will administer the fund and make investments from the fund. In order to make independent decisions and to bring in expertise in investment-related decisions, **an Investment Committee** shall be constituted with the following members: -

1. Mr. NagarajaPrakasan, Impact Investor, Co-founder & Chairman, Native Angels Network.
2. Mr. M.V. Subramanian, MD, Future Focus Infotech, Lead Investor, Indian Angel Network.
3. K.S. Bhagyalakshmi, Senior Vice President. Dalit Indian Chamber of Commerce and Industry, Tamil Nadu.
4. Mr. Sivarajah Ramanathan, Mission Director/Chief Executive Officer, Tamil Nadu Startup and Innovation Mission (TANSIM).

The composition of the Investment Committee would be changed by the Board of TANSIM from time to time, based on requirement.

The Investment Committee shall scrutinize proposals of SC/ST entrepreneurs and give appropriate recommendations which will be considered following the delegation of powers proposed in this regard, while taking investment decisions.

(2) Delegation of powers for investment decisions:

The Investment Committee shall make its recommendations on all the applications which have been received through a proper, fair and transparent procedure. When the total financial implication of investment is equity or debt convertible to equity at the option of Tamil Nadu Startup and Innovation Mission (TANSIM) in a single proposal (i) If it is less than Rs.25 Lakh, the decision for investment shall be taken at the level of CEO, TANSIM (ii) when the amount is above Rs.25 Lakhs the decision for investment shall be taken by a **Project Sanction Committee of TANSIM** which consists of the following members:-

- a) The Finance Secretary
- b) The Secretary, Micro, Small and Medium Enterprises Department.
- c) The Secretary, Adi Dravidar and Tribal Welfare Department.
- d) The Industries Commissioner and Director of Industries and Commerce.

All debt proposals shall be approved by the Project Sanction Committee.

(3) Type of Assistance:

The fund of Rs.30.00 Crore shall be utilized by TANSIM to assist SC/ST Startups by way of 4 types of assistance viz., (i) equity investments, (ii) debt, (iii) grant or (iv) a combination thereof, after considering the specific recommendations in this regard made by the Investment Committee. Such recommendations by the Investment Committee shall be based on the requirement of each entrepreneur or on the nature of the proposal and the enterprise's potential to scale and absorb capital.

i. Equity

80% of the corpus of the fund on the whole, preferably should be for equity investments or instruments which can be eventually converted into equity. The decisions regarding equity investments may normally be made such as to enable exit within a stipulated period of time or a stated milestone. The continuation of equity stake beyond that time / milestone, may be brought for the consideration of the Board of Tamil Nadu Startup and Innovation Mission (TANSIM).

ii. Debt:

The board of Tamil Nadu Startup and Innovation Mission (TANSIM) may decide to support a Startup through debt at a rate of interest and subject to such terms of principal moratorium to be decided on a case to case basis with the recommendations of the Investment Committee. In such a case, the loan will be given through TAICO Bank, so that TANSIM need not set up a parallel mechanism for debt collection and monitoring. The cost incurred in this regard by TAICO Bank and the obligation to repay the loan if there is a default will vest on TANSIM.

iii. Grant:

If a Startup requires grants from this fund, the Investment Committee can direct it to come through the existing TANSEED selection procedure, if the committee feels so.

(4) Eligibility Conditions:

The applicant, at the time of application, should conform to the definition of Startup under Tamil Nadu Innovation Policy 2018-23, as modified from time to time. The following five conditions shall be verified by TANSIM before forwarding every proposal to the Investment Committee: -

- (i) More than 50% of equity of the company must belong to one or more persons who belong to the SC/ST Community.

- (ii) The control of the company should vest with SC/ST shareholders.
- (iii) The application should be come through a transparent process. The Investment Committee can make specific recommendations for specific applications to ensure that these conditions are not misused or misinterpreted against the interests of the SC/ST community.
- (iv) The company or enterprise should be domiciled in India and its principal base of operation should be India.
- (v) The SC/ST entrepreneur(s) who have applied should be native(s) of Tamil Nadu or of Tamil origin. Preference will be given if such entrepreneur(s) have their principal base of operation within Tamil Nadu.

(5) Plan of Implementation:

TANSIM shall invite applications from SC/ST entrepreneurs through an open advertisement in prominent newspapers and through social media, existing Startup networks, MSME Associations and educational institutions. The applications shall be processed batch wise, in batches of convenient sizes on a First in First out basis, till the corpus is exhausted. The administrative costs of running the program shall be met by TANSIM from its own funds. The staff required for the scheme may be separately proposed in the HR Policy of TANSIM. The accounts of this scheme shall be maintained in a new separate project account to account for the expenditure under (i) – (iv) categories under types of assistance. All compliance requirements shall be met by the TANSIM form the project account. The separate project account maintained for the SC/ST fund will record all the recycling of funds within this fund in an appropriate manner over the years.

3. The Government also sanction a sum of Rs.30.00 Crore (Rupees Thirty Crore only) to Tamil Nadu Startup and Innovation Mission for creation of corpus fund to support the Startups by SC/ST Entrepreneurs.

4. Necessary funds of Rs.30.00 Crore (Rupees Thirty Crore only) have been provided in the BE 2022-23.

5. The amount sanctioned in para 4 above shall be debited from the following head of account:-

“2851 - 00 - Village and Small Industries - 102 Small Scale Industries - States' Expenditure - DF - Startup Fund for Scheduled Castes / Scheduled Tribes Entrepreneurs - 309 Grants in Aid - 03 Grants for Specific Schemes”.

(IFHRMS DPC 2851 00 102 DF 30903)

6. The Industries Commissioner and Director of Industries and Commerce is authorised to draw and disburse the amount sanctioned in para 4 above to Tamil Nadu Startup and Innovation Mission.

7. This order issues with the concurrence of Finance Department vide its U.O.No.220/ADS(GKT)/ 2022, dated 30.05.2022.

(BY ORDER OF THE GOVERNOR)

**V. ARUN ROY
SECRETARY TO GOVERNMENT**

To

The Mission Director/Chief Executive Officer,
Tamil Nadu Startup and Innovation Mission, Chennai – 32.

The Industries Commissioner and

Director of Industries and Commerce, Chennai – 32.

The Accountant General, Chennai – 18.

The Pay and Accounts Officer, Chennai – 8.

Copy to:-

The Chief Minister's Office, Chennai -9.

The Special Personal Assistant to Hon'ble Minister (Finance and Human Resources Management), Chennai -9.

The Special Personal Assistant to Hon'ble Minister (Micro, Small and Medium Enterprises), Chennai -9.

The Personal Assistant to Secretary to Government,

Micro, Small and Medium Enterprises Department, Chennai -9.

The Private Secretary to Deputy Secretary to Government,

Micro, Small and Medium Enterprises Department, Chennai -9.

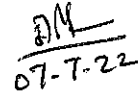
The Finance (Inds/BG.I) Department, Chennai -9.

The Micro, Small and Medium Enterprises (OP/B) Department, Chennai -9.

SF/SC.

//FORWARDED BY ORDER//


SECTION OFFICER


07-7-22