

## NEDFi's Schemes at a Glance

### A word about NEDFi

The North Eastern Development Finance Corporation Ltd. (NEDFi) was conceived as a dynamic and responsive organization to catalyze economic development of North East by assisting in the efficient formation of fixed assets by identifying, financing and nurturing eco-friendly and commercially viable industrial, infrastructure and agri-plantation project in the region. NEDFi promoted by IDBI, SIDBI, FCI, ICICI, SBI, UTI, LICI, GIC and its subsidiaries, came into being in August, 1995 as a public financial institution with an authorized capital of Rs. 500 crores.

The Corporation has traveled far since its incorporation in fulfilling its commitment to usher in the dawn of industrialization and all round development. NEDFi has financed over 600 projects in sectors as diverse as healthcare, jute, tea, InfoTech, agri-business, horticulture, cement, handloom and handicraft across the region. It has endeavoured to promote a sense of professionalism in the region, involving itself not just in the financing of projects, but also in empowering the entrepreneurs with the tools that go into running of a successful business. What NEDFi delivers, therefore, is a complete package deal, which means the Corporation is one with the entrepreneurs from concept to commissioning.

It is in this pursuit, NEDFi improvises constantly, formulating schemes that will provide symbiotic solutions that will in the long run help to generate wealth from within Northeastern communities, based on the people's inherent strengths.

With its branch offices in every states and two representative offices at Tinsukia and New Delhi, NEDFi is reaching the farthest corner of the northeast and brings assistance to the doorsteps of entrepreneurs, thus facilitating accelerated and balanced industrial development in the states.

### Project Finance

#### Objective

To provide long term assistance for setting up of new industrial and infrastructure projects as well as for expansion, diversification and modernization of existing industrial enterprises.

#### Eligibility

Projects promoted by private or public limited company.



### **Nature and Extent of Assistance**

The nature of assistance is rupee term loan. NEDFi ordinarily finances projects with loan component of Rs. 25 lacs or above. However, smaller projects in the innovative fields and in the hill states are also considered. Maximum assistance may be upto 12 % of the NEDFI's net worth.

### **Promoters' Contribution**

40 % of the project cost. However, in case of consortium financing, it will be at par with norms of other financial institutions.

**Interest Rate** : PLR + 3 %

**Debt : Equity Ratio** : 1.5 : 1

### **Security**

First charge on the fixed assets of the company. In case of joint financing with other financial institutions, *pari-passu* charge is required. Minimum 25 % margin on security is maintained.

### **Upfront Fee**

1 % of the loan sanctioned.

### **Documentation**

Standard documents as per norms of all India Financial institutions.

### **Equipment Finance**

#### **Objective**

To provide financial assistance for acquiring specific plant and machinery / equipment for existing industrial concerns.

#### **Eligibility**

- The company should have been in operation for a period of five years and should have made profit at least during the preceding 3 years.
- Should have proven track record in fulfilling its obligation with financial institutions / banks.

#### **Execution**

Assistance under the scheme will not be available for:

- Acquisition of second hand equipments
- In-house fabricated equipments
- Major expansion / diversification projects, which call for detailed appraisal.

### **Nature and Extent of Assistance**

Rupee term loan covering up to 70 % of the cost of equipments including taxes / duties, freight

and installation subject to minimum of Rs. 25 lacs and maximum of Rs. 1000 lacs.

**Promoters' Contribution**

30 per cent

Interest Rate

PLR + 3 %

**Upfront Fee**

1 % of loan amount

**Repayment Period**

Maximum six years including moratorium.

**Security**

- i) Extension of charge and / or hypothecation of assets financed.
- ii) Personal guarantee of promoter (s) / director (s) / corporate guarantee.

### **North East Equity Fund**

**Objective**

The North East Equity Fund (NEEF) has been created to help first generation entrepreneurs who are short of equity.

**Eligibility**

New projects in tiny and SSI sector by first generation entrepreneurs who have technical knowledge or first hand experience of the activity and are desirous of setting up their own units.

**Nature and Extent of Assistance**

Assistance is available in the form of soft loan upto 25 % of the project cost. The NEEF assistance may be supplemented with normal Rupee Term Loan component together with one cycle of working capital in selective cases thereby providing a complete financial solution to first generation entrepreneurs.

**Project Cost :** Maximum of Rs. 25 lacs

**Promoter's Contribution :** Minimum 15 %

**Interest Rate**

1.5 % p.a. service charge on soft loan amount. Normal rate of interest on rupee term loan part.

**Upfront Fee :** 1 % of term loan amount

**Repayment Period :** Maximum seven years including moratorium.



**Security :** Mortgage of assets of the unit.

## **Working Capital Term Loan**

### **Objective**

To provide assistance to units currently facing problems due to lack of working capital support from banks, but which can be made viable with the infusion of fresh funds by way of one time core working capital.

### **Eligibility**

Only those units, which have been provided financial assistance by the corporation under Project Finance Scheme.

### **Nature and Extent of Assistance**

Maximum 75 % of the working capital requirement for one cycle of operation as term loan.

### **Interest Rate**

PLR + 3 %

### **Upfront Fee**

1% of loan amount.

### **Repayment Period**

Maximum 18 months. However, the borrower shall approach bank for meeting its normal working capital requirement at any time during the currency of the loan. As and when the bank sanctions the assistance, the working capital from the corporation should be repaid out of the proceeds of the loan sanctioned by the bank.

### **Security**

- i) First charge by way of hypothecation of current assets.
- ii) Extension of charge on fixed assets of the company.
- iii) Personal guarantee of promoter director (s) / corporate guarantee.
- iv) Adequate collateral security

## **Micro Finance Scheme**

### **Objective**

In its endeavour to provide a comprehensive financial solution for all those in need towards all round development of the region, NEDFi has set off micro finance to reach the grass root borrowers who, so far have been unaware of intricacies of formal lending and depend largely on local money lenders.

The scheme targets the agriculturist, self-employed and entrepreneurs as productivity / efficiency building mechanist to provide a holistic approach to the overall development of the masses. Assistance is provided to Non Governmental Organization/ Voluntary Associations / local bodies

for on lending to the needy who could then take up productive activities and self employment projects that would generate income, allowing them to take care of themselves and their families.

### **Eligibility**

- (i) Well-managed registered NGOs / Vas /Local Bodies that-
  - Have been in operation for at least three years
  - Are experienced in developing SHGs
  - Have good track records
  - Have a proper book-keeping system
  - Have proper financial management system
- (ii) Well-organised SHGs /local bodies engaged in income generating activities.

### **Nature and Extent of Assistance**

Rupee term loan up to maximum of Rs. 3.00 lacs per project / beneficiary / SHG. However, NGOs may apply for loan for on lending to more than one project / beneficiary / SHG.

### **Interest Rate**

NEDFi to NGO : PLR + 0.5 %

NGO to beneficiary: PLR + 4 % maximum.

### **Repayment Period**

The repayment period for NGO will be 5 years including a reasonable moratorium. The repayment period for the ultimate beneficiary will be decided by the NGO but would not exceed 3 years.

### **Activities to be Financed**

The beneficiary may take up any income generating activities including-

- Agriculture including farm implements
- Other farming activities
- Tiny industries
- Service sector including transportation.

## **Entrepreneurial Skill and Market Development for North East Products**

The schem has been designed to bridge the gap between lack of entrepreneurial skills and product development, which can be achieved through better design and market development of north east products. The scheme provides for the following:

- i) Assistance to entrepreneurs, who have been successful in their first venture and desire to graduate to a bigger scale, to upgrade their skill.
- ii) Assistance for product development through better design.
- iii) Helping the successful entrepreneurs in the handloom, handicraft and fruit-



processing sector to display their product at national exhibitions towards development of market.

- iv) Training entrepreneurs who need overall grooming in project management.
- v) Assistance for conducting studies to track the development of market at both the regional and national level on a selective basis.
- vi) Assistance to entrepreneurs to identify new and proven technology that could help diversifies their products.

### **Techno-Economic Development Fund**

The Techno Economic Development Fund (TEDF) set up with the assistance from Govt. of India, is engaged in conducting studies to identify new avenues for investment. Under this scheme, potential areas for giving a push to N.E. economy are identified in consultation with experts and detailed studies are conducted forming the basis for investment. Studies have been completed in areas like floriculture, manufacturing of value added products based on lime stone and coal, border trade, development of air service networks, cold storage, value addition to medicinal plants etc. and the process is on for identifying new areas. The study reports can be obtained from NEDFi's office.

### **Databank**

The North East Databank developed in association with NEC and NIC provides comprehensive data up to district level on various aspects of investment possibilities. The databank contains, besides general information, information on socio-economic indicators; resource availability; infrastructure; agriculture; tourism; industry; policies and incentives; viable technologies for NE region; and identified sectors of potential investment. The data are available at [www.nerdatabank.nic.in](http://www.nerdatabank.nic.in). NEDFi Databank Quarterly containing comprehensive information is also available for annual subscription.

### **NEDFi Haat**

In its endeavour to give a boost to the local industries and products of the region, the Corporation has set up NEDFi Haat, a permanent exhibition cum selling platform to display, sell and develop marketing network of the produce of local artisans and small entrepreneurs. The Haat, located at Ambari, GNB Road, Guwahati, houses 26 pre-fabricated stalls with round the clock power, security and other amenities.

### **Nodal Agency for General Subsidies**

NEDFi has been designated as Nodal Agency for administration of Central Transport Subsidy, Central Capital Investment Subsidy and Central Working Capital Interest Subsidy by the Government of India.

### **R & D Centre for Medicinal and Aromatic Plants**

Realising the potential of medicinal and aromatic plants in the region, the Corporation has set up an R&D Centre at Khetri, Kamrup to look after the basic technical aspects for development of

the sector.

### **Objectives**

- ⇒ To conduct survey on locally available MAPs and document them.
- ⇒ To identify species / varieties based on domestic as well as international market demand
- ⇒ To develop production technology
- ⇒ To identify crops that has market potential and suits our agro-climatic conditions.
- ⇒ To standardize their agro-techniques and promote commercial production.
- ⇒ To develop linkages between growers, industrialists for marketing.
- ⇒ To create awareness on commercial cultivation and extension among growers, processors.
- ⇒ To create awareness against unscientific forest base exploitation and encourage *in-situ* conservation.

### **Facilities available**

1. Herbal Garden
2. Quality Control Laboratory
3. Training facilities- A training cum Seminar hall, 30 bed farmers' hostel and a Canteen.
4. A modern Nursery
5. A demonstration farm, A trial Farm
6. Boiler fed steam distillation plant for commercial demonstration
7. A library

### **Services offered**

- ⇒ Consultancy / technical services for cultivation and processing.
- ⇒ Transfer of technologies
- ⇒ Assist in testing and quality analysis of essential oils
- ⇒ Offer guidance to growers and processors in value addition and marketing
- ⇒ Impart training and organize seminars / workshops etc.
- ⇒ Conduct demonstrations

There are several publications available including a Quarterly News Letter on MAPs.



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