



**The Tamilnadu Industrial Investment Corporation Limited,
692, Anna Salai, Nandanam, Chennai – 600 0035.**

FREQUENTLY ASKED QUESTIONS (FAQs)

1. Does TIIC help in the preparation of project reports for new entrepreneurs?

The TIIC provides necessary guidance and information for financing of the proposed project and also indicates the basic requirements expected in the project report. Entrepreneurs may seek the assistance of organizations like ITCOT, TANSTIA F&F, MSME Development Institute, etc. for preparation of project report.

2. How much of the total project cost will you finance?

Depending on the line of activity 65% to 75% of the project cost (fixed assets like land, buildings and machinery) can be financed.

3. How much time will it take for sanction of loan?

After submission of the copies of necessary documents/papers such as unit's land documents, building plan, machinery quotations, collateral documents, relevant approvals etc, TIIC considers loans subject to viability of the scheme, within 18 days if the loan is sanctioned at the Branch level and within 35 days if sanctioned at Head Office.

4. Do you consider Sanction of small loans?

As per prevailing norms we are considering financial assistance with a minimum quantum of Rs.5.00 lakhs and above for manufacturing sector.

5. What is the maximum limit for loan sanction?

The maximum sanction limit for proprietary / partnership concerns is Rs.15 crores and for private / public limited companies is Rs.30 crores. For Group Exposure the upper limit is Rs.30 crores for proprietary / partnership concern and Rs.40 crores for private / public limited companies.

6. Do you give loans only to MSME unit?

No. TIIC also considers financial assistance to large-scale units. However, 90% of our customers are from the MSME sector.

7. What are the criteria for sanction of loan?

TIIC sanctions loans to industrial units, service sector units like nursing homes, diagnostic centers, commercial complexes, hotels, transport operators, etc. TIIC considers loans subject to DER norms i.e., 3:1 for the loans up to Rs.10.00lakhs and 2:1 for loans above Rs. 10.00 lakhs. The applicant shall offer collateral security ranging from 50% to 100% of the loan amount depending upon the type of the scheme.

8. How to apply?

The applicant has to submit the application (which can be obtained free of cost from TIIC Offices or downloaded from our website) along with a brief report about the project, availability of raw material, market tie-up if any etc. and experience of the promoter in that line and the security to be offered for the loan. The Business Development Officer / Project Evaluation Officer at TIIC Branches will assist the entrepreneur in this regard.

9. How will the loan be disbursed?

After execution of loan security documents and on fulfilment of disbursement conditions such as investment of initial capital, submission of approvals, loan will be released on the value of assets acquired based on verification and valuation of assets by the TIIC officials / Empanelled valuers of TIIC.

10. What is the normal loan period for fixed assets loan? Is there any holiday period for repayment of loan?

The repayment period for Term Loans ranges from 5 years to 9 years. TIIC allows moratorium period ranging from 6 months to 2 years in the case of term loans. Loan period is fixed based on the Debt Service Coverage Ratio.

11. Can you consider financial assistance for retail trading and educational institutions?

As of now, TIIC is not considering financial assistance for retail trading except for retail pharmacies (Term Loan & Working Capital Term Loan). Educational institutions like schools and colleges, skill-training centers are not eligible for assistance.

12. Do you finance for Dairy Farms, Goat farms, harvesting machines etc.?

TIIC cannot consider financial assistance to the above activities. It can finance post harvest operations.

13. Can you consider loans for housing?

No. TIIC cannot extend financial assistance for purchase of residential houses. However, financial assistance is extended for construction of commercial complexes / conventional halls, marriage halls, warehouses and storage godowns.

14. Does TIIC finance for project outside Tamilnadu?

Other than projects in Tamilnadu, projects set up in Pondicherry can be taken up for consideration subject to obtaining of NOC from PIPDIC.

15. Do you finance term loan and working capital loan to a new unit?

We are presently operating the Single Window Scheme selectively, wherein both term loan for fixed assets and working capital term loan for current assets of a new unit are financed by TIIC.

16. Banks are considering both term loan and working capital. Why is TIIC considering only fixed asset term loan?

TIIC is a term lending institution, which gives term loans for acquiring fixed assets. We are also giving working capital term loans for existing good track record units, which have earned net profit for the last 2 years. The repayment period including moratorium of 4 months is 36 months. The applicant shall offer collateral security ranging from 100% to 150% of the loan amount. For further details please refer the working capital term loan scheme in this site.

17. Do you provide Working Capital Term Loan to non-customers of TIIC?

Yes. We are operating the working capital term loan scheme for financing of working capital requirement of the existing non assisted units of TIIC also satisfying our eligibility criteria.

18. Does TIIC finance for second hand machinery?

Second Hand Machinery as under can be considered

- i. Machinery indigenously manufactured by Standard Companies and used locally.
- ii. Machinery imported as new from foreign manufacturers and used locally.
- iii. Second hand machinery, imported directly.

Machinery should have a residual life of at least 10 years and be certified by a chartered engineer.

19. Does TIIC finance for second hand industrial shed?

TIIC considers finance for purchase of second hand SIDCO sheds provided the building is structurally safe and has a left over life of 15 years. Purchase of second hand private industrial sheds can also be considered if the building is structurally safe and has a left over life of 20 years.

20. Whether you sanction loan without security?

Loan upto Rs.5 lakhs is sanctioned under our “ Entrepreneur Development Scheme” without collateral security but backed by one/two guarantors satisfying our norms.

21. Do you accept corporate guarantee and share certificates as collateral security?

No. TIIC does not accept corporate guarantee/share certificates exclusively as collateral security. TIIC normally accepts only immovable property as collateral security. However, TIIC may accept Fixed Deposits whenever there is a short fall in the value of the immovable property offered as collateral, based on the merits of the case.

22. What type of charge over assets is created in favour of TIIC for loans?

The unit shall deposit the original Registered Sale Deeds/documents and create charge by equitable mortgage of land and buildings and by hypothecation of machinery in favour of TIIC.

23. What is the basis for valuation of collateral security?

Valuation will be done by our registered panel of valuers/ TIIC officials.

Land: The average value of market rate and guideline value is adopted for arriving the land value. While arriving the average rate, a weightage of 70% is assumed to market value and 30% to guideline value. The average rate represents a fair market value for the land being accepted as Collateral Security.

Building: For Buildings, the schedule of rates of PWD is applied and valuation is arrived.

24. Will the assets (land/ building) for which the loan is obtained be accepted as collateral?

No. Assets financed by TIIC constitute the primary security. Additional property will have to be furnished for purpose of collateral security.

25. Will you accept property outside Tamilnadu as collateral?

Yes. Property outside Tamilnadu can be accepted as collateral in case the entrepreneur hails from outside Tamilnadu and does not have any property to offer in Tamilnadu. The property should be within the urban municipal areas of other States. Acceptance of such property is subject to approval.

26. Do you accept Rural/ Agricultural property towards collateral security?

No, we do not accept rural/agricultural properties as collateral security, except in special cases where the properties are highly marketable.

27. Why does TIIC's legal documentation procedure take a long time?

TIIC undertakes a thorough examination of the documents relating to primary and collateral immovable assets to avoid legal entanglements at a later date. It insists on furnishing of only documents, which are absolutely relevant to the property.

28. Is there any preclosure premium?

Presently Preclosure Premium is not being charged.

29. Is interest calculated based on diminishing balances?

Yes. The interest is calculated on diminishing balances at monthly rests.

30. What are your interest rates?

Please see 'Interest rates' in this site.

31. What are the benefits available for first generation entrepreneurs?

TIIC is implementing the NEEDS (New Entrepreneur cum Enterprise Development Scheme) of Government of Tamilnadu. This scheme is for assisting educated youth in the State to become first generation entrepreneurs. The Government extends support by way of capital subsidy of 25% of the project cost subject to a maximum of Rs.25 lakhs. Further a 3% interest subvention is extended under this scheme on loans availed for the project.

32. Is there any privilege for prompt paying customers?

Yes. Existing customers of TIIC who have been in the standard / prompt category continuously for 3 years are provided term loan at PLR rate of interest.

33. Do we have to approach the DIC for obtaining subsidy for projects financed by TIIC?

No. TIIC itself will coordinate with DIC and get the subsidy for the unit which availed loan from TIIC. Subsidy Bridge Loan is also given by TIIC to bridge the time gap in getting the funds from the Government (DIC).

34. Interest rates are higher than that of Banks. Why should I come to TIIC?

Presently 3% Interest Subvention is being given to MSME units availing loan from TIIC making our Interest rate almost at par with Banks. Further, If the project is eligible for any subsidy (Central or State Government), you can obtain both Loan and subsidy under one roof from TIIC, since it is the nodal agency of the Government for such subsidies. Longer repayment period and moratorium than those offered by Banks can be provided.
