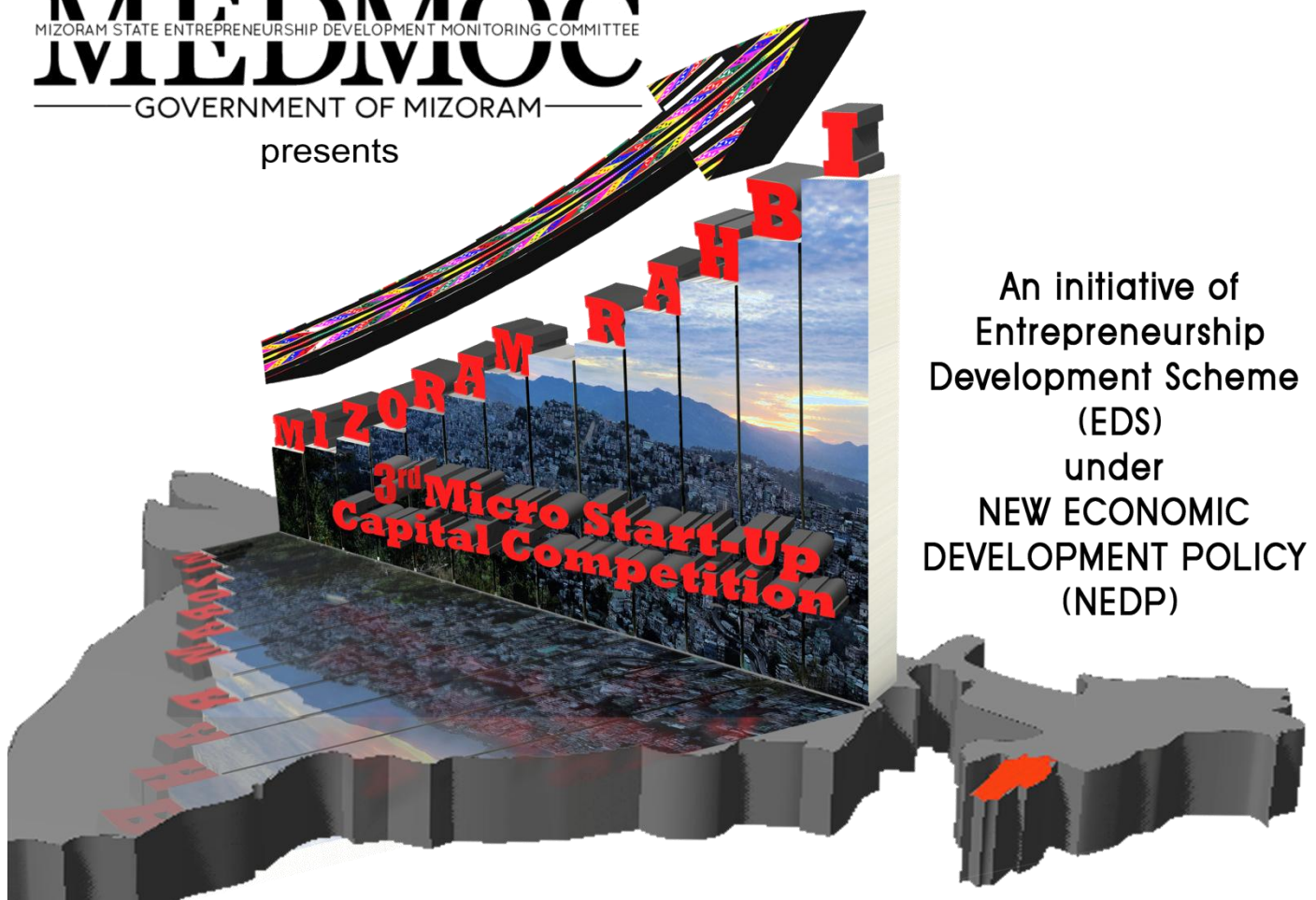


MIZORAM RAHBI: THE MICRO START-UP CAPITAL COMPETITION

MEDMOC
MIZORAM STATE ENTREPRENEURSHIP DEVELOPMENT MONITORING COMMITTEE
MEDMOC
GOVERNMENT OF MIZORAM
presents



An initiative of
Entrepreneurship
Development Scheme
(EDS)
under
NEW ECONOMIC
DEVELOPMENT POLICY
(NEDP)

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I: BACKGROUND

Notwithstanding the enthusiasm amongst the local entrepreneurs and the significant progress made in the field of small scale industries, the pace of industrialization in Mizoram has been rather sluggish due to many persistent adverse factors, among which, lack of organizational structure, poor infrastructural facilities like communication and power, inadequate market knowledge and access are prominent. Paucity of ready source for financing fresh businesses also hinders growth in this sector.

The Economic Survey of Mizoram for 2015-16 indicates that the total number of industrial units registered each year has shown a generally declining trend from 594 in 2007-08 to 169 in 2015-16. Interestingly, in terms of flow of investment and generation of employment, their contribution has been high and rising for the same period. Among these units, service sector such as healthcare, hotels etc. are having higher investment and employment as compared to manufacturing sector.

It is, therefore, imperative to adopt a holistic approach for creating a conducive business environment and motivate the spirit of entrepreneurship in the State. Under the aegis of NEDP, the Entrepreneurship Development Scheme (EDS) has been formulated with the objective of imparting to the people the skills necessary to prepare them to start their own venture and provide them with institutional and knowledge-based support to successfully run their business. One of the key ingredients of the Scheme is the Micro Startup Capital Competition which, as the nomenclature suggests, aims to provide micro funding to potential and promising start-up ventures through an unbiased competitive selection process.

II: VISION & SCOPE

Mizoram is witnessing an emergence of a young business class with sharp entrepreneurial acumen with a drive for success. Not only do these potential contributors to the economy need to be encouraged and supported, the spirit of entrepreneurship needs to be promoted further especially among the youth of the State. To this end, the Micro Startup Capital Competition or “MIZORAM RAHBI” initiative seeks to provide a stepping stone for emerging and early stage entrepreneurs who are yet to gain traction through grant of micro capital. This assistance will be administered through a fair contest wherein business startup plan

proposals will be judged by an unbiased panel of experts to assist sincere enterprises that will potentially in turn contribute to the economic development of the State. The cascading effect of forward and backward linkages of these ventures is also expected to generate significant direct and indirect employment.

As risk-taking is an integral part of entrepreneurship and risk free investment almost never succeeds, the winners will be expected to match fund required for their business plan that is over and above the grant amount (which is a sum not exceeding Rs.5 lakh or half the estimate of the business plan, whichever is lower) or through bank loan.

It is of great import to note that the overarching objective of this initiative, besides financial assistance to turn ideas into action, is to spread awareness on entrepreneurship among the masses in general and to promote it among the youth in particular through open Competition. The initiative goes further by putting in place a mechanism for monitoring the progress of the ventures funded under it, provide institutional and knowledge-based support and scrutinize whether the fund granted is being utilized properly.

III: TARGET AUDIENCE

The Micro Startup Capital Competition will be open to all residents of Mizoram who have recently started or wish to start an innovative business venture within the State of Mizoram. The main focus group, however, will be the younger demography of the indigenous Mizo workforce.

IV: OBJECTIVE & KEY DELIVERABLES

1. To provide seed capital to encourage the transformation of business ideas into innovative ventures.
2. To provide micro startup capital to emerging and early stage entrepreneurs with potential.
3. To spread awareness on entrepreneurship among the masses in general and to promote it among the youth in particular.
4. To promote self-reliance and tap the entrepreneurial potential of the State.
5. To generate direct employment through startups.

V: CONVERGENCE

The Micro Startup Capital Competition initiative will work in tandem with other initiatives under NEDP in general and EDS in particular which include Administrative Reform in Ease of Doing Business, Strengthening of Infrastructure Development for Entrepreneurs & Farmers, preparation of Entrepreneurship Manual, Setting up of Entrepreneurship Knowledge Centre for providing handholding support services and Data Bank, Conducting Need-based Entrepreneurship & Skill Development Programme, Conducting Exposure trips for Potential Entrepreneurs, tie-up with Mizoram University Incubation Centre, IIM Calcutta Innovation Park etc.

VI: STRUCTURE & MANAGEMENT

- The Entrepreneurship Development Scheme and its components, in this case the Micro Startup Competition, will be administered by the Mizoram State Entrepreneurship Development Monitoring Committee (MEDMOC).
- The Micro Startup Competition will be announced through advertisement in leading local newspapers and other channels of media.
- The Competition will be held in stages spread across number of days as decided by MEDMOC involving submission of business proposal in the prescribed Project Action Plan format, Power-point presentation and personal interview.
- Since one of the major objectives of the Competition is to spread awareness of entrepreneurship, contestants/winners will be obliged to participate in all activities pertaining to the Competition including, but not limited to, interviews, video-shoots, award ceremonies etc. interspersed throughout the duration of the Competition and thereafter.
- Proposals may be invited for specific sectors perceived as market gaps in the State or may be open with no sector-restriction, as decided by MEDMOC.
- As the competition is limited to Micro-Enterprises, the project estimate cannot exceed Rs.25.00 lakh for business proposals in manufacturing sector and Rs.10.00 lakh in service sector.
- Selected Business Plan/contest winners will be awarded the Micro-Enterprise Startup Capital grant up to Rs.5.00lakh or 50% of the Action Plan project cost (whichever is lesser) which may be released in installments of 40% and 60%, or as decided by MEDMOC.

- Fund release is subject to the approval of the final Business Action Plan by the competent authority as decided by MEDMOC and the Terms & Conditions of the Micro Startup Capital Grant.
- As entrepreneurship is not a risk-free venture, the remaining fund requirement for the project over and above the Startup grant must be met by the contest winners from their own source or bank loan.
- The contestants must possess land of their own or must possess a reliable document of land lease deed, if the proposal is a land based activity.
- Progress attained will be monitored by the appointed/selected agency as decided by MEDMOC and as per Terms & Conditions of the Micro Startup Capital Grant.

Sequence of Competition:

1. Submission of Business Action Plan using given format when the competition is open.
2. Various rounds of Power-point Presentation on the Business Action Plan by the contestants and selection of Winners.
3. Refinement of Business Action Plan and its Approval by the competent authority as decided by MEDMOC including:
 - a. Opening of Current Account specifically for the Grant.
 - b. Full Estimate of Project.
 - c. Showing of Owner's contribution.
4. Release of 1st installment of Grant on approval of Final Business Action Plan by the competent authority as decided by MEDMOC.
5. Monitoring: 1st Inspection – 60 days from release of 1st Installment.
6. Release of 2nd Installment of Grant after inspection and satisfactory implementation of Action Plan.
7. Monitoring

The sequence of the Competition is subject to change as per the decision of MEDMOC.

VII: TERMS AND CONDITIONS OF GRANT

GRANT AGREEMENT

GRANTEE	
PROJECT TITLE	
TOTAL GRANT AMOUNT NOT TO EXCEED	
PROJECT DESCRIPTION	
<p>Under the terms and conditions of this Agreement, the Grantee agrees to implement the Project in conformance with the Project Details attached as Annexure-I and the Budget& Estimates attached as Annexure-II (hereinafter referred to as the "Project Action Plan"), and the Government of Mizoram, through the Mizoram State Entrepreneurship Development Monitoring Committee (MEDMOC), agrees to provide Micro Startup Capital for the Project up to the Grant Amount funded from the Entrepreneurship Development Scheme under the New Economic Development Policy of the Government of Mizoram.</p>	
Grantee	Grantor: MEDMOC, Govt. of Mizoram
(AUTHORIZED SIGNATURE)	(AUTHORIZED SIGNATURE)
(NAME AND TITLE OF PERSON SIGNING)	(NAME AND TITLE OF PERSON SIGNING)
(DATE SIGNED)	(DATE SIGNED)

A. Definitions

1. The term “Agreement” as used herein means a grant agreement between the Government and Grantee specifying the payment of Grant Amount by the Government for the performance of implementing the Project.
2. The term “Government” as used herein means the party described as the Grantor on the preceding page of this Agreement.
3. The term “Grantee” as used herein means the party described as the Grantee on the preceding page of this Agreement.
4. The term “Grant Amount” as used herein means fund for Micro Startup Capital provisioned for the implementation of the Micro Startup Capital Component of the Entrepreneurship Development Scheme under the New Economic Development Policy and awarded through the Micro Startup Capital Competition.
5. The term “Project” as used herein means the project described on the preceding page of this Agreement.
6. The term “Project Action Plan” as used herein means the Project Details attached as Annexure-I and the Budget & Estimates attached as Annexure-II.

B. Grant Release

1. Subject to the availability of Grant Amount, the Government hereby grants to the Grantee a sum of money not to exceed the amount stated on page one (1) of this Agreement in consideration of and on condition that the sum be expended in carrying out the purpose as set forth in the Project Action Plan and under the terms and conditions set forth in this Agreement. Grantee agrees to assume any obligation to furnish any additional funds that may be necessary to complete the Project. All costs accrued for services or supplies prior to the execution of Agreement are not eligible for reimbursement.
2. The Grant Amount to be provided to the Grantee, under this Agreement, may be disbursed as follows:
 - a) 40% (or as determined by MEDMOC) of the Grant will be released to the Grantee’s Current Account, opened specifically for this Grant by the Grantee, as Seed Capital on approval of Project Action Plan.

b) The remaining 60% (or as determined by MEDMOC) of the Grant will be released subject to the following conditions:-

- (i) Submission of invoice for expenditure incurred on previous release of fund.
- (ii) Grantee shows documentary proof (current account statement) of the availability of owner's contribution as per Project Action Plan.
- (iii) The Government has satisfied itself on the performance of the Grantee.

C. Project Execution

1. The Grant should be utilized as per the Project Action Plan submitted by the Grantee and approved by the Government.
2. Once the Project Action Plan is submitted, the contents cannot be modified or changed in any way.
3. The Project should be implemented within the State of Mizoram.
4. The Grantee may not use any portion of the Grant for any purpose other than as detailed in the Project Action Plan, and as is necessary to perform the Project.
5. Grantee agrees to submit in writing, any deviation from the attached Project Action Plan to the Government for approval prior to implementation of changes.
6. Grantee agrees to put in place a clear and visible banner indicating the following: "Micro Start-Up Capital funded under Entrepreneurship Development Scheme of NEDP" on the site of the operation or office of the firm and all related documents.

D. Project Monitoring

1. The Grantee shall furnish 2 (two) copies of the certificate of actual utilization of released funds within 3 (three) months from the date of its release. The Utilization Certificate must be duly signed by the head of the firm/administrative head.

2. The Utilization Certificate and project reports shall be supported by vouchers, brief report of the action taken and photographs of the firm & any other materials purchased.
3. Thereafter, for every subsequent quarter during the life of this Agreement, a Quarterly Progress Report shall be submitted by the Grantee on the progress of the Project.
4. The Government reserves the right to require reports more frequently than on a quarterly basis if necessary, but no more than once a month.
5. Grantee agrees to promptly submit reports as the Government has requested in this Agreement or may request during the life of this Agreement.
6. Grantee agrees that property and facilities acquired or developed pursuant to this Agreement shall be available for inspection upon request by the Government.
7. Grantee agrees to maintain satisfactory financial accounts, documents and records for the Project and to make them available to the Government for auditing at reasonable times. Grantee also agrees to retain such financial accounts, documents and records for at least three years following Project termination or completion.
8. Projects are subject to audit by the Government for three years following the final payment of Grant Amount. The purpose of this audit is to verify that project expenditures were properly documented. Grantees will be contacted at least 30 days in advance of an audit.

E. Project Withdrawal/Termination and Loss of Grant Amount

1. The Agreement will be considered terminated if the Grantee fails to produce a Project Action Plan for approval by the Government within 60 days of signing an Agreement with the Government.
2. If the Grantee wished to withdraw a Project, the Grantee shall notify the Government in writing.
3. Failure by the Grantee to comply with the terms of this Agreement may be cause for suspension of all obligations of the Government hereunder, barring cases where in the judgment of the Government such failure was due to no fault of the Grantee.

4. Notwithstanding anything contrary to this agreement, in the event an approved Project cannot be implemented or if the Grantee defaults in the performance of any obligation under this Agreement, and if Grant Amount were advanced, then the Government may declare all the Grant amount owing and interest due under this Agreement at that time to be immediately due and payable.

F. Hold Harmless and Indemnification

1. Grantee agrees to waive all claims and recourse against the Government including the right to contribution for loss or damage to persons or property arising from, growing out of or in any way connected with or incident to this Agreement except claims arising from the concurrent or sole negligence of Government, its officers, agents, and employees.
2. Grantee agrees to indemnify, hold harmless and defend Government, its officers, agents and employees against any and all claims demands, damages, costs, expenses or liability costs arising out of the acquisition, development, construction, operation or maintenance of the property described as the Project except for liability arising out of the concurrent or sole negligence of Government, its officers, agents or employees.
3. Grantee agrees not to hold the Government responsible if the execution of the Project is delayed/ interrupted due to causes such as Act of God, Natural calamities, War, Major Civil commotion, Fire, Storms, Floods, Strikes or Lock-outs or any other cause which is beyond the control of either of the parties. In such an event the Government shall not compensate the Grantee for the loss that might accrue or might have accrued because of the effect of such events on execution of the Agreement.

G. Application Incorporation

1. The Application and any subsequent change or addition approved in writing by the Government is hereby incorporated in this Agreement as though set forth in full in this Agreement.

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**Business Action Plan for Micro Start-Up Capital
under
Entrepreneurship Development Scheme (NEDP)**

Sector under which the Project is submitted:-		
1.	Name of the Unit/Firm	
2.	Registration No.	
3.	Name of the Promoter/Owner	
4.	Address/Contact No/E-mail	
5.	Brief Introduction of the proposal	
6.	Background of the promoter/owner	
7.	.Proposed location of the unit/firm	
8.	Proposed products/services	
9.	Market arrangement	
10.	Problems	
11.	Prospects	
12.	Asset Availability:-	
	(i) Land and building	
	(ii) Plant machinery	
	(iii) Other fixed assets	
	(iv) Total fixed assets	
13.	Asset Requirement:-	
	(i) Land and building	
	(ii) Plant machinery	
	(iii) Other fixed assets	
	(iv) Total fixed assets	
14.	Working Capital Requirement:-	
	(i) Raw materials	
	(ii) Man-power	
	(iii) Administrative expenses	
	(iv) Total working capital	
15.	Total Capital Investment (13+14)	
	(i) Micro Start-up Grant portion	
	(ii) Owner's contribution	
16.	Sales realization	
17.	Profitability	
18.	Breakeven point	
19.	Return on sales	
20.	Return on investments	

Budget and Estimates (Grant Portion)
for
Micro Start-Up Capital
under

Entrepreneurship Development Scheme (New Economic Development Policy)

NAME OF GRANTEE: _____

NAME OF PROJECT: _____

Sl. No.	Item of Expenditure	Quantity	Amount	Timeframe for expenditure*	Additional Remarks
1	2	3	4	5	6
TOTAL:					

(*Timeframe for expenditure should indicate tentative month of planned purchase or the number of months from release of Grant when planned purchase is expected)

**Progress Report (Grant Portion)
for
Micro Start-Up Capital
under
Entrepreneurship Development Scheme (New Economic Development Policy)**

NAME OF GRANTEE: _____

NAME OF PROJECT: _____

AMOUNT OF GRANT RELEASE AND DATE: (i) _____

(ii) _____

Sl. No.	Item of Expenditure	Quantity	Amount	Date of expenditure*	Additional Remarks
1	2	3	4	5	6
TOTAL:					

* Progress Report is to be supported by Photographs of Assets and Vouchers of Purchases.