

**Scheme for Assistance to
Manufacturing sector-**

Government of Gujarat
Industries & Mines Department
Resolution No. BJT-102012-92765-1
Sachivalaya, Gandhinagar
Date 26-02-2013

Read:-

- (1) Industrial Policy – 2009- and GRs issued there under.

Preamble

The Industrial Policy 2009 of Government of Gujarat (GoG) aims at the comprehensive social and economic development of the State. The Policy focuses on making Gujarat an attractive investment destination of choice in India and also in the world. The primary objectives of the policy are, (a) Facilitating investment in the state (b) Employment generation and employability enhancement (c) Adherence to high quality standards. The manufacturing sector has a pivotal role in fulfilling the objectives of the above policy.

The overall growth rate of the manufacturing sector in India being much below its potential, the Government of India (GoI) has laid emphasis on the growth of manufacturing sector. The National Manufacturing Policy 2011 aims at increasing the present share of manufacturing sector in GDP from 18% to 25% by 2025.

Manufacturing sector in Gujarat contributes to 27.6% of GSDP in Gujarat with a CAGR of 23% in last two years. There is a need for quantum jump. Gujarat aspires to become a beacon of comprehensive social and economic development by (a) creating more employment (b) Development of entire value chain of the sector (c) Focusing on value addition in product development/process (d) Development of knowledge base in sectors (e) sustainable development. Therefore in the budget speech of the year 2012-13, Government announced its intention to attain the target of 32% contribution of the Manufacturing Sector in the GSDP of the state; by 2013 through introduction of specific interventions in the sub-sectors of, Auto and auto Components, Solar and Wind equipments manufacturing, Specialty and fine Chemicals, Electronic System Design and Manufacturing (ESDM) and Food and Agro Business.

Resolution:-

After due consideration, Government is pleased to introduce following five schemes for the Manufacturing Sector to fulfill its stated objectives. These schemes will come into operation from the date of issue of this G.R. and shall remain in force for 5 (five) years.

1.0 Scheme: 1

Scheme of Interest Subsidy:-

1.1 Definitions:-

- (a) **New Enterprise** means the unit which commences commercial production during the operative period of this policy and has obtained separate EM / IEM or Industrial license or registration from the competent authority.
- (b) **Micro, Small and Medium Enterprises (MSME)**
A unit, which satisfies the conditions of Micro, Small and Medium Enterprises as per the definition under the MSME Development Act 2006 of the Government of India, as amended from time to time, and having acknowledgement of Entrepreneurs' Memorandum filed with respective District Industries Centre, will be termed as MSME. The units covered under para 1.1(a) and sectors mentioned in preamble and having cost of plant & Machinery of less than Rs. 10 crores will be considered as MSME.
- (c) **Large Industry** means the industrial unit which is intending to set up a manufacturing unit having a project cost up to Rs. 100 Crores and not covered under the MSME as 1.1(b) above.
- (d) **Existing Enterprise**
Existing Enterprise means the units not covered under Para 1.1(a) above and has started commercial production prior to this Scheme.
- (e) **Expansion or Diversification**
Existing units taking up expansion or diversification with investment of more than 50% in its existing gross fixed capital investment in land, Building, Plant and Machinery and assets used for the manufacturing of the products.
- (f) **Modernization/Technology Up-gradation**
Existing units investing more than 25% in the cost of existing plant and machinery to upgrade technology by way of adopting a new technology/production process which result into improving quality of products, savings in energy/ water / raw materials and reduction in pollution.

1.2 Eligibility:-

All new/existing Enterprise as defined in Para 1 above will be eligible for availing incentives under this scheme. New Enterprise will also get benefit for one time expansion or diversification during the operative period of this scheme. Existing Enterprise will get benefit of expansion/ diversification / modernization / technology up-gradation during the operative period of this scheme.

1.3 Quantum of assistance:-

- a. Graded interest subsidy for five years @7% for MSMEs and 2% for large Industries having an actual investment up to Rs.100.00 Crores.
- b. Maximum amount of interest subsidy per annum shall be Rs. 25 lakhs for MSMEs and Rs. 50 lakhs for large units.
- c. The Unit applying within one year from the date of first installment of loan disbursement shall become eligible. In case the application is submitted after one year from the date of disbursement of first installment, the incentive period and eligible amount shall be reduced proportionately from the date of first disbursement to the date of application. Thus the interest subsidy would not be eligible from the date of first disbursement of loan to date of application.
- d. This Scheme will be supplementary to the Government of India Scheme.

1.4 Conditions:-

- (a) The Unit shall observe pollution Control measures as prescribed by GPCB or other competent authority.
- (b) Unit shall remain in production for 5 years from the date of commercial production.
- (c) Unit shall have to furnish information regarding production, employment etc. whenever asked by the Government.
- (d) Sick units shall not get benefits under this category.
- (e) If the unit defaults in paying any Government dues, it shall not be eligible for assistance under this scheme.
- (f) Interest subsidy shall not be available for penal interest or other charges.

- (g) Units availing term loan from any bank/FI approved by RBI will be eligible. The amount of interest subsidy shall be paid directly to the Bank/FI with intimation to the unit.
- (h) If the unit becomes defaulter in repayment to Bank/FI, such default period will be deducted from the period of five years.
- (i) Disbursement of assistance will start only after the unit starts commercial production and eligible period of five years shall be considered from the date of first disbursement.
- (j) The assistance under the scheme shall be sanctioned and disbursed by District Industries Center for MSMEs and for large projects by Industries Commissioner office.

2.0 Scheme: 2

Assistance for Core Infrastructure:-

This assistance will be for enabling basic infrastructure facilities like development of internal roads, water distribution facilities, sewage collection and treatment, power distribution, communication facilities and such other facilities / services as may be required.

2.1 Definition:-

(a) Private Institution

Any Industry, Industrial Association or Institution registered under the Societies Act, Partnership Act or the Companies Act shall be eligible to avail assistance under the scheme.

(b) Industrial Park

An Industrial Park coming up in private area/GIDC Estate for the establishment of Industrial units in the focus sectors. The Industrial Park shall have a minimum of 25 industrial units.

(c) Date of Project Completion

Project shall be completed within 5 years from the date of approval of the project by the State Level Approval Committee (SLAC). Buildings, Infrastructure Facilities & Utilities should be completed within four (4) years from the date of approval of project by SLAC. On submission of valid reasons by the Developer, the SLAC may extend completion period by one year to complete buildings, infrastructure facilities, utilities.

(d) **Core Infrastructure Facilities**

Core Infrastructure facilities shall include cost for development of infrastructure such as, internal roads, power line, communication facilities, water distribution line and water augmentation facilities, sewage and drainage lines, effluent treatment and disposal facilities and other facilities as may be required in the Park. The expenditure incurred for the core infrastructure development, excluding the land cost, shall be considered.

2.2 Quantum of assistance:-

- (a) The new Industrial Park will be provided incentive of 50 % of total expenditure limited to Rs. 20 crores for Core infrastructure developed within the Industrial Park.
- (b) The Developer of the Industrial Park and the first purchaser of Individual Unit shall be eligible for exemption on payment of Stamp duty and registration charge on purchase of land required for the project as approved by SLAC. However, subsequent transactions shall attract stamp duty and other charges as applicable at the prevailing rates.

2.3 Conditions:-

- (i) The incentive shall be for the development of Industrial Park suitable for setting up of minimum twenty five (25) Industrial units in at least an area of 100 acres. In the case of Food and Agri business the minimum area shall be 50 acres.
- (ii) Prior approval of SLAC is required before commencement of infrastructure facilities. Expansion or modification / modernization of existing Industrial Park / GIDC estate, shall not be eligible under this scheme.
- (iii) The Promoter/Developer of Industrial Park or a SPV constituted for the purpose shall maintain the park for minimum period of five years from the completion of the park. Otherwise the sanctioned /disbursed/ reimbursed amount shall be recovered as arrears of land revenue under the Land Revenue Laws.
- (iv) Failure to complete core Infrastructure Facilities & Utilities as mentioned in 2.1(c) within the period of four years from the time of possession of land shall attract recovery of stamp duty as per rules.

2.4 Mode of implementation:-

- (i) The Industrial Park is required to have minimum infrastructure facilities required for the Parks- viz. internal roads, water distribution network, drainage treatment, effluent treatment as per the requirement, power distribution network, communication network and other facilities.
- (ii) The developer of the Industrial Park availing incentive under this scheme shall not be eligible to avail incentive under any other scheme of the State Government, unless specified otherwise. However, the individual units coming up in the Industrial Park shall be eligible to avail incentives under separate schemes of the State Government.
- (iii) Approval of the Industrial Park shall be accorded by SLAC.
 - a. The assistance under the scheme shall be proportionally reimbursed in four installments within a maximum period of 4 years from date of possession of land.
 - b. Certificate for exemption in Stamp Duty and Registration charges shall be issued after the approval of the project by SLAC.
- (iv) The Developer of Industrial Park shall have to follow Third Party Quality Assurance (TPQS) system for the entire infrastructure development in the Industrial Park.
- (v) Disbursement/reimbursement of the assistance sanctioned by SLAC shall be released on availability of Government Grants.
- (vi) The Terms and conditions as decided by SLAC from time to time shall be applicable to the Private Institution for development of Industrial Park /GIDC Estate.
- (vii) The SLAC is empowered to prescribe forms, checklists, procedure and will issue guidelines in this regard.

Scheme: 3

Assistance in setting up of Common Facilities:-

3.1 Definition:-

Common facilities means facilities to be used by the industrial units for testing & calibration of raw material, finished goods, other materials which are used by the industrial units or system for development of new technologies/ process/ design etc.

3.2 Eligibility:-

Group of industries, Industry Association / SPV of Industrial Association / or a private company registered under the Societies Act, Partnership Act or the Companies Act shall be eligible to avail assistance under the scheme.

3.3 Quantum of assistance:-

One time assistance up to 80% of the total expenditure limited to Rs. 10 crores for the cost of plant & machinery testing equipment, electrification, installation shall be considered to a self sustained project as approved by SLAC.

3.4 Condition:-

The common facilities created under this scheme shall have to be utilised by minimum 10 units.

4.0 Scheme: 4.

Assistance for Common Effluent Treatment Plant (CETP):-

An Industrial Park promoted on self sustained basis by Industrial Association /SPV of Association /Private Company would be eligible for assistance for setting up of project of CETP, incinerators and disposal of effluent.

4.1 Quantum of assistance:-

GOI is also giving assistance for CETP. If GOI contribution is available, then, including the assistance of GOI, assistance up to 75% of total project cost (i.e. Building, Plant and Machinery, civil construction and other fixed assets needed for the project and as approved by SLAC) will be given. If GOI assistance is not available then 40% assistance will be given.

Scheme: 5

Assistance for Center of Excellence:-

Center of Excellence in PPP mode with State/State institution/industrial units/ professional institutes shall be eligible for assistance under this scheme.

5.1 Quantum of assistance:-

- (a) Quantum of one time assistance shall be 70% of the total expenditure, including recurring expenditure for three (3) years, limited to Rs. 20 crores in the case of national level Center of Excellence promoting value addition in the sub sectors of this GR.
- (b) Quantum of one time assistance shall be 70% of the total expenditure, including recurring expenditure for three (3) years, limited to Rs. 30 crores in the case of international level Center of Excellence promoting value addition in the six sub sectors and in the area of innovation and entrepreneurship.

5.2 Conditions:-

- (i) The applicant should prepare a comprehensive project report, clearly highlighting the overall infrastructural needs, both physical and social, the project cost and the means of financing in terms of their contribution, contribution from financial institutions and the component of assistance under this scheme. The report should also indicate mode of repayment of the loan taken from Financial Institution.
- (ii) The project proposal has to be approved by SLAC before commencement of the project. The Project which has not been granted prior approval shall not be eligible for assistance under the Scheme.
- (iii) A Project that has availed assistance under any other scheme for the same component from the State Government shall not be eligible for assistance under this Scheme. However, assistance can be availed under GOI scheme.
- (iv) The industrial park can avail assistance under scheme no. 2 to 5 mentioned above and also shall be eligible under different individual schemes or in combination thereof within an overall ceiling of each schemes.

6.0 State Level Approval Committee (SLAC):-

A State Level Approval Committee (SLAC) consisting of following members is constituted for approval of above mentioned schemes.

1	Hon. Minister (Energy, Mines & Minerals)	Chairman
2	Principal Secretary, Industries & Mines Department	Member
3	Principal Secretary(Exp.),Finance Department	Member
4	Principal Secretary, Revenue Department	Member
5	Principal Secretary, Roads & Buildings Department	Member
6	CEO, GIDB	Member
7	V.C. M.D., G.I.D.C	Member
8	Industries Commissioner	Member
9	Additional/Joint Industries Commissioner	Member Secretary

Any interpretation and clarifications under this scheme will be decided by SLAC and the decision of SLAC would be final and binding to all.

7.0 General conditions:-

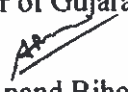
- (i) If the project sanctioned under the scheme mentioned above is not giving the definite outcome, which was envisaged during the sanction of the project, the committee will decide to take over the entire project and may transfer to any other Government agency such as Municipal Corporation, GIDC, Concerned Urban Development Authority, Nagarpalika etc. or to any private company as decided by SLAC.
- (ii) The sanctioned cases under the above referred schemes continue to get benefit as per the terms and conditions of the sanctioned order. The application pending may opt for new scheme to be declared, if eligible. However, projects sanctioned and /or under implementation under this scheme will get additional one year and assets acquired and paid during this additional one year will also be considered for assistance under this scheme. The conditions for projects under pipeline will be decided by the implementing committee on the basis of the review of the projects under the scheme.
- (iii) The disbursement of the assistance shall be reimbursed proportionate to the expenditure incurred.
- (iv) The detailed procedure and guidelines for the implementation of the scheme would be approved by SLAC and will be circulated by Industries Commissioner, Gandhinagar.

- (v) The assistance under the scheme (except scheme-1) would be disbursed after the applicant enters an agreement with Industries Commissioner office.
- (vi) In the case of MSME unit, the application for assistance under Scheme 1 should be sent to District Industries Center, while all other applications under this scheme should be sent to Industries Commissioner, Gandhinagar.
- 8.0 The expenditure on this account shall be met from the sanctioned grant under the following budget head:

“Demand No.49
Major Head 2851, Village & Small Industries
102-Small Scale Industries
(16) OIN-1, Assistance to Small Scale Industries”

This issues with the concurrence of Financial Department dated:10/07/2012 received on the even number file of this Department.

By order and in the name of Governor of Gujarat


(Anand Bihola)
Under Secretary
Industries and Mines Department

Copy to:

1. Secretary to H.E, Governor*
 2. Additional Chief Secretary to Hon. CM, Sachivalaya, Gandhinagar
 3. Personal Secretary to all Hon. Ministers, Sachivalaya, Gandhinagar
 4. Deputy Secretary to the Chief Secretary, Sachivalaya, Gandhinagar
 5. Principal Secretary, Finance Department Sachivalaya, Gandhinagar
 6. Members of SLAC
 7. Industries Commissioner, Udhyog Bhavan, Gandhinagar
 8. Commercial Tax Commissioner, Ahmedabad
 9. Managing Director Indext-b, Udhyog Bhavan
 10. All Officers of I & M Department, Sachivalaya, Gandhinagar
 11. Accountant General Ahmedabad/Rajkot*
 12. Select file
 13. Computer cell(For website)
- * by letter