

New Industrial Policy 2015
Scheme for assistance to Micro, Small
and Medium Enterprises. (MSMEs)

Government of Gujarat
Industries & Mines Department
Resolution No.SSI-102014-924840-CH
Sachivalaya, Gandhinagar
Dated: 19.1.2015

Read:

- (1) G.R. Ind. & Mines Dept. No. MSM/102009/57928/1 Dt. 27.2.2009
- (2) Govt. of Gujarat New Industrial Policy – 2015

Preamble

The Industrial Policy 2015 aims at promoting 'Gujarat' as a globally competitive and innovative industrial destination that stimulates sustainable development and inclusive growth. The primary mission of the Industrial policy includes proactive support for development of SMEs, value addition on local primary sources and increasing the share of Manufacturing in State GDP. The new Industrial Policy incorporates specific interventions for development of Small & Medium Enterprises which contribute significantly to the economy. A Task Force was constituted to review existing schemes under the 2009 Industrial Policy. Task Force analyzed impact of schemes, had discussions with Industries Associations and came out with suggestions for necessary modifications. Task force recommended to extend some more incentive to maintain competitiveness of MSME by modifying scheme in operation. The recommendations of the Task Force are in consultation to industries, the Government decided to form a new assistance scheme for MSME sector to strengthen and to make them competitive globally as a part of Industrial policy 2015.

Resolution

In view of the strategy under New Industrial Policy the Government is pleased to introduce a "Scheme for Assistance to Micro, Small and Medium Enterprises" which will come into force from dt. 1.1.2015 and will remain in operation for a period of five year.

1.0 Definitions

1.1 Micro, Small and Medium Enterprises (MSME):

An Enterprise, which satisfies the conditions of Micro, Small and Medium Enterprises as per the definition under the MSMED 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.

1.2 New Enterprise:

New enterprise means MSME, which has filed Entrepreneurs Memorandum and commences commercial production during the operative period of the Scheme.

1.3 Existing Enterprise:

Existing enterprise means MSME which has commence commercial production before the date of announcement of the scheme.

1.4 Expansion or Diversification:

Existing or New enterprises carrying out expansion/diversification with an investment of more than 50% of (out of which minimum 60% investment should be in plant and machinery) its existing gross fixed capital investment on the date of initiating expansion/diversification and commencing production of said expansion/diversification during the operative period of the scheme.

Only one expansion/diversification will be eligible for assistance during the operative period of the scheme.

1.5 Modernization:

Existing MSMEs carrying out modernization by way of adopting new technology/production process and/or improving quality of products with an investment of more than 25% of its existing gross fixed capital investment in plant and machinery on the date of initiating modernization and commencing production of said modernization during operative period of the scheme shall be termed as modernization.

Only one modernization will be eligible for assistance during the operative period of the scheme.

1.6 MSME Service enterprise:

MSME service enterprise having an investment in equipment more than Rs. 5 lakh will be eligible for Interest subsidy

1.7 Gross Fixed Capital Investment:

Gross fixed capital investment means the investment made in required building, plant and machinery and other related fixed assets required to manufacture end product.

1.8 Previous scheme

Previous scheme means a scheme of assistance to Micro, Small and Medium Enterprises (MSME) declared vide resolution no. MSM/10209/57928/I dated 27/02/2009

1.9 Pipeline enterprises:

The enterprise which have obtained first disbursement of term loan as effective step and could not start commercial production on or before 31/12/2014, shall be considered eligible as pipeline enterprise for incentive under previous scheme. Such enterprise should commence commercial production on or before 31/12/2015. However, the enterprise which had not obtained first disbursement on or before 31/12/2014 may opt for new scheme.

2.0 Scheme 1 – Assistance of Capital Investment Subsidy

2.1 Quantum of Capital Investment Subsidy

- a. Capital Investment Subsidy @ 10 % of loan amount disbursed by Bank/ Financial Institute with the maximum amount of Rs. 15 lakhs in Municipal Corporations areas.
- b. Capital Investment Subsidy @ 15 % of loan amount disbursed by Bank/ Financial Institution with the maximum amount of Rs.25 lakhs in the areas other than mentioned at (a) above.

2.2 Conditions for Capital Investment Subsidy:-

- a. Enterprise shall have to apply to concerned DIC either within one year from the date of first disbursement of loan or on the date of commencement of commercial production whichever is later.
- b. Enterprise which has obtained first disbursement of term loan on or before 31/12/2014, shall not be eligible for Capital Investment Subsidy under this scheme.
- c. Capital Investment subsidy will be paid only after commencement of commercial production of the enterprise.
- d. The enterprise will not be eligible for capital investment subsidy under this scheme if, term loan is sanctioned after one year from the date of commencement of commercial production.
- e. Total quantum of capital subsidy (State + Central) in any case shall not exceed the total loan amount disbursed by Bank/ Financial institution.
- f. Enterprise will have to remain in production for 5 years from the date of commercial production and if it fails to continue production for five years then amount of capital investment subsidy disbursed will be recovered as an arrears of land revenue.

3.0 Scheme 2 – Assistance for Interest Subsidy

3.1 Quantum of Interest subsidy

- a. Interest subsidy @ 5% with the maximum amount of Rs. 25 lakhs per annum for period of 5 year in Municipal Corporations areas.
- b. Interest subsidy @ 7% with the maximum amount of Rs. 30 lakhs per annum for period of 5 year for in the areas other than mentioned at (a) above.
- c. 1% additional interest subsidy to SC / ST entrepreneur, physically challenged entrepreneur, Women entrepreneur in manufacturing and service sector
- d. 1% additional interest subsidy to young entrepreneur below age of 35 years on the date of sanction of loan.

- e. Maximum rate of Interest subsidy to an enterprise will not be more than 9% & 7% where the rate of interest subsidy is 7% & 5% respectively
- f. Only new MSME of Service sector as listed in Annexure -1 will be eligible for Interest subsidy @5% with the maximum amount of Rs. 25 lakhs per annum for 5 years on the term loan of machinery and equipment anywhere in the state.

3.2 Conditions for Interest Subsidy:-

- a. Enterprise shall have to apply to concerned DIC either within one year from the date of first disbursement of loan or on the date of commencement of commercial production whichever is later.
- b. Enterprise shall opt for date of eligibility of interest subsidy either from the date of first disbursement of loan or from the date of commencement of commercial production.
- c. Late submission of application will be considered subject to deduction of late submission period after commercial production and deduction of proportionate amount of interest subsidy from maximum ceiling.
- d. Reimbursement of interest subsidy will be made only after commencement of commercial production of the enterprise.
- e. The enterprise will not be eligible for interest subsidy under this scheme if, term loan is sanctioned after one year from the date of commencement of commercial production.
- f. If the enterprise becomes defaulter in payment of interest or instalment of term loan to Bank/Financial institution as per guidelines of RBI, such default period will be deducted from the period of five years.
- g. Interest subsidy will not available for penal interest or any other charges.
- h. Total quantum of interest subsidy (State + Central) in any case shall not exceed the total interest paid to Bank/ Financial institution
- i. Enterprise will have to remain in production for 5 years from the date of commercial production

3.3 Conditions applicable to Capital Investment subsidy and Interest subsidy (Scheme 1 & 2) :-

- a. Loan sanctioned by Bank or Financial Institution as per RBI guidelines will be eligible for any incentive under this resolution. Loan sanctioned by Non-Banking Financial Institutes will not be eligible for any incentive under this resolution.
- b. The enterprise that has availed assistance under this scheme will not be entitled to avail benefit under any other scheme of State Government, unless and otherwise specified under that scheme.
- c. For the purpose of assistance under this resolution, the investment made in the state of Gujarat shall be clubbed to decide the status of MSME.

- d. Enterprise shall have to furnish information regarding production, sales, turnover, and employment etc. annually to concerned DIC before end of September.
- e. Enterprise will have to observe pollution Control measures as prescribed by GPCB or other competent authority.
- f. The enterprise shall have to obtain NOC from Municipal corporation for doing business, if enterprise is located in the area of Municipal corporation
- g. Enterprise will have to employ at least 85% of the total employment and 60% of supervisory and managerial staff from local persons.
- h. Enterprise has to give undertaking to confirm that he has paid all Government dues on his letter head signed by authorized signatory.
- i. Enterprise can avail benefit under such schemes of Government of India, if any.

4.0 Scheme-3 Assistance for Venture Capital

- a. The entrepreneur setting up an MSME with innovative technology will be assisted to raise promoter contribution in the form of equity or loan through GVFL with following terms.
- b. The entrepreneur shall apply to Industries commissioner along with project details of innovative technology.
- c. The GVFL will consider extending support to such entrepreneur to formulize the project and preparation of project report.
- d. Industries commissioner will appoint a technical committee to scrutinize the proposal in consultation with GVFL.
- e. GVFL will appraise the project and extend support to get loan from commercial bank.
- f. The assistance as promoter's contribution will be @ 20% of project cost maximum upto Rs.50 lakhs.
- g. GVFL will release this assistance from the fund placed at disposal of GVFL by Industries commissioner.
- h. GVFL will create a separate fund for this scheme.
- i. The assistance for Venture Capital through GVFL would be subject to specific guidelines to be worked out and get approved.

5.0 Scheme 4 Assistance for Quality Certification

The scheme is to extend support to MSME to get quality certification to introduce quality product in competitive market.

MSME as defined at 1.1 in the manufacturing sector will be eligible for following assistance.

- a) 50% of the capital cost for installing the Enterprise Resource Planning (ERP) system of approved ERP service provider by Industries Commisionerate, subject to a maximum amount of Rs. 50,000/-
- b) 50% of all charges including consultancy fee upto a maximum amount of Rs. 50,000 paid for obtaining ISO certification.
- c) 50% of all charges upto a maximum amount of Rs. 5 lakhs paid for obtaining of each certification for ISI/WHO-GMP/Hallmark certifications & other national/International certification approved by Quality Council of India.
- d) 50% of fee payable to Recognized International Certification Authority and 50% cost of testing equipment and machinery required for that certification, totaling upto maximum amount of Rs. 10 lakhs.
- e) The cost for certificate will include:-Fees charged by certification agency(excluding travel, hotel & surveillance charges)
- f) Cost of testing equipment as required for certifications
- g) Calibration charges of equipment
- h) MSME will not be eligible if any certification referred at (a) to (e) above are required as part of statutory provision.
- i) This Quality certification scheme will be supplementary to such scheme of Government of India. However, in no case total assistance from GOG and GOI should exceed more than actual expenditure incurred by MSME for said purpose.
- j) The testing equipment purchased after the issuance of Quality certificate shall not be eligible for assistance.
- k) Expenditure incurred for renewal of certificate shall not be eligible for assistance under the scheme.

6.0 Scheme -5 Assistance for Technology Acquisition

- a. Assistance for acquisition of appropriate technology from recognized institution by MSME for its product/ process during the operative period of the scheme will be provided by way of 50% of the cost payable subject to a maximum of Rs. 50 lakh, including royalty payment for first two year.
- b. MSME shall have to obtain prior approval of Industries commissioner after signing MOU with Technology provider.
- c. Assistance will be available to set up a New Enterprise with new technology. Existing enterprise will also eligible for new product or for improvement of production process.
- d. Assistance will not be eligible for purchase of any plant and machinery or equipment.

7.0 Scheme-6 Assistance for Patent Registration

- a. Individual/ any legal entity will be eligible for assistance under the scheme.
- b. 75% of cost /expenditure incurred subject to maximum Rs.25 lakhs for obtaining Patent registration of developed product
- c. Fees paid to patent attorney, patent service center, patent registration and patent equipment purchased to develop patent will be eligible as cost/expenditure (excluding travel, hotel charges) for obtaining patent registration.
- d. Assistance will be disbursed after the publication/notification of the patent.
- e. Applicant shall have to submit application within one year from the date of publication/notification of the patent.
- f. Application submitted after one year from the date of publication/notification will not be eligible for assistance

7.1 Scheme-7 Assistance for saving in consumption of Energy and Water

The existing as well as new enterprise taking action for saving in consumption of Energy and Water will be eligible for assistance under this scheme

- a. 75% cost of energy/water audit conducted by a recognized institution/ consultant subject to maximum Rs. 50,000/- for each will be reimbursed once during the operative period of the scheme
- b. 25% of cost of equipment recommended by the Auditing authority subject to maximum Rs. 20 lakhs one time assistance will be eligible during the operative period of the scheme.
- c. The assistance on cost of equipment will be eligible subject to the condition that saving in energy / water minimum by 10% of average monthly consumption of previous 12months before audit.
- d. Even after taking all steps as mentioned above for efficient use of energy/water, if consumption is increasing with reference to increase in production than such claim will be examined separately by the committee to be constituted by

9.0 Scheme 8 Assistance to SME for raising Capital through SME Exchange

- a. Under the new guidelines of SEBI, MSME can raise equity capital through SME exchange.
- b. To encourage MSME to opt for this route, assistance will be provided under this scheme.
- c. 20% expenditure incurred on raising of fund through SME maximum upto Rs 5 lakhs one time after successful raising of equity as per approved scheme by SME during the operative period of the scheme

10.0 Scheme-9 Assistance for reimbursement of CGTMSE fees

- a. Government of India has issued instructions to financial institutions to sanction Collateral free loans upto Rs.1 cr. by charging addition fee on such loans
- b. It has been decided to extend support to Women Entrepreneurs, SC/ ST & physically challenged entrepreneurs under this scheme. Banks/ Financial institutions are charging Service fees as under Annual Service fees: 1st Year – 1.5% maximum 2nd Year onwards – 0.75% maximum
- c. Assistance as reimbursement @ 100% annual Service fees paid to Bank/financial Institution by Women entrepreneurs, SC/ ST & physically challenged entrepreneurs for availing of collateral free term loan under CGTMSE, for the period of five year.

11.0 Scheme-10 Rehabilitation of Sick enterprises

- a. MSME Sick Industrial enterprise satisfying the criteria of Sick enterprise as per the RBI guidelines will apply to Industries Commissionerate for Sick Enterprise registration.
- b. Industries Commissioner will scrutinize the application on the basis of the balance sheets.
- c. After scrutiny of the application sick enterprise registration will be issued.
- d. This registration issued by Industries Commissioner shall only indicate that the enterprise is sick as per RBI guideline and does not qualify for any assistance or OTS from State Government. However the sick enterprise may be assisted by banks/financial institutions as per their prevailing policy.
- e. For preparing the diagnostic report from expert/ expert agency and expenditure thereof will be reimbursed @50% of cost of Draft Rehabilitation Scheme as assistance subject to maximum of Rs. 1 lakh to sick enterprise.

12.0 State Level Implementation Committee

12.1 A committee consisting of following members is constituted for sanction of assistance with respect to various proposals/ received under the schemes.

Industries Commissioner	Chairman
Additional Ind. Commissioner (Ext.)	Member
Financial Advisor, Industries & Mines Dept.	Member
Deputy Secretary, Industries & Mines Dept.	Member
President, Gujarat Small Scale Industries Federation	Member
Joint/ Deputy Commissioner of Industries	Member-Secretary

12.2 Sanction and disbursement of assistance on proposals under scheme no.1,2,4,7, and 9 will be done by General Manager, District Industries Centre (DIC).

12.3 The State Level Implementation Committee will also monitor the implementation of all schemes including assistance sanctioned by DICs.

12.4 State Level Implementation Committee is authorized for interpretation of any provision and to give clarification / decision with reference to any provision under this resolution, keeping in view the objective of the scheme and it will be final & binding to all the concerned.

13.0 Procedure

- Scheme wise prescribed application form will be available on the website.
- The detailed procedure for sanction and disbursement will be laid down by IC office and will be implemented

14.0 Budget Provision

14.1 The expenditure on this account will be met from the sanctioned grant of the respective financial year under the following budget head:

Budget Head
Demand No. 49 Major
Head 2851, Village & Small Industries
102-(16) IND-1, Financial Assistance to Industries,
3135 Grant in Aid (C) others

This issues with the concurrence of Finance Department dt. 30.12.2014, received on the even number file of this Department.

By order and in the name of Governor of Gujarat,


(K. S. Prajapati)
Joint Secretary

Industries and Mines Department

Copy to

- Secretary to Hon'ble Governor of Gujarat*
- Principal Secretary to Hon. Chief Minister*
- Personal Secretary to all Hon. Ministers
- Advisor to Hon. Chief Minister
- Under Secretary to chief secretary
- Principal Secretary. Finance Department

Annexure -1 (G.R. SSI-102014-924840-CH Dt. 19.1.2015)

List of eligible services activities

1. Logistics facilities such as Container Freight Station Operators/ Warehouses / Cold Storages etc.
2. Material Testing Centre
3. Start ups & Incubation Centers
4. Hallmark certification centers
5. Technical testing and analysis servicing
6. Maintenance and repair of machineries & equipments
7. Repair of Computers / Communication & Electronics equipments / Household Goods
8. Maintenance and repair of Utility projects
9. Packaging services
10. Industrial reuse / disposal services
11. Apparel/Cutting & Stitching job work(other than retail tailoring)
12. Printing, Scanning, Digitalization & Lamination
13. Weigh bridges
14. Color labs
15. Steam & Air conditioning supply
16. Waste collection, treatment and disposal activities
17. Electrical, plumbing & other installation activities
18. Maintenance & repair of Motor vehicles
19. Motion pictures, Video & Television production, Sound Recording& Music publishing activities
20. Activities of Internet Access by the Operator of the wireless / Satellite infrastructure
21. Web hosting activities
22. Specialize design activities – Fashion design related to textile/ Apparel/ jewellery/ Furniture/ fashion goods/ graphic design etc.
23. State Level Approval Committee is empowered to add / delete service activities listed in this Annexure.