

Gujarat Industrial Policy 2009
Scheme for assistance to Micro, Small
and Medium Enterprises (MSME)

Government of Gujarat
Industries & Mines Department

Corrigendum No. MSM/102009/57928/I

Sachivalaya, Gandhinagar

Dated: 3/3/2009

Read:

G.R. No. MSM/102009/57928/I, dated 27/2/2009

CORRIGENDUM

The para numbers shown in the Government Resolution No. MSM/102009/57928/I dated 27/2/2009, should be replaced and read as under :

Page	Read	Instead of
1, para - 1.3	' MSME unit defined as above in para 1.1 '	' MSME unit defined as above in 2.1 '
2, para - 2.1	'All new or existing MSME as defined in para 1 above '	'All new or existing MSME as defined in para 2 above '
9, para - 4.1	'All eligible MSMEs as indicated in para 2.1 and other units as indicated in para 2.2 '	'All eligible MSMEs as indicated in para 4.1 and other units as indicated in para 4.2 '
9, para - 5.1	'.. under the scheme except the proposals indicated in para 5.2 '	'.. under the scheme except the proposals indicated in para 7.2 '

By order and in the name of Governor of Gujarat



(Shridevi Shukla)
Deputy Secretary
Industries and Mines Department

Copy:

1. Secretary to H.E. Governor*
2. Principal Secretary to Hon. CM*
3. Advisor to CM
4. Personal Secretary to all Hon. Ministers
5. Under Secretary to the Chief Secretary
6. Principal Secretary, Finance Department
7. Industries Commissioner
8. Commercial Tax Commissioner, Ahmedabad
9. Managing Director IndextB
10. All Boards & Corporations of I & M Dept.
11. Accountant General Ahmedabad/Rajkot*
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Gujarat Industrial Policy 2009
Scheme for assistance to Micro, Small
and Medium Enterprises (MSME)

Government of Gujarat
Industries & Mines Department

Resolution No. MSM/102009/57928/I

Sachivalaya, Gandhinagar

Dated: 27/2/2009

Read:

- (1) Industrial Policy - 2009 Announced by Govt. of Gujarat
- (2) Industries & Mines Dept. Govt. Resolution - Interest Subsidy to Small & Medium Enterprises (SMEs) No: APN/102003/1161 (2) dated 10th June 2004
- (3) Industries & Mines Dept. Govt. Resolution - Assistance for Technology Upgradation No: APN/102003/1161 (4) dated 10th June 2004
- (4) Industries & Mines Dept. Govt. Resolution - Financial Assistance to SMEs for Quality Certification No: APN/102003/1161 (1) dated 10th June 2004
- (5) Industries & Mines Dept. Govt. Resolution - Assistance for Market Promotion and Development No: APN/102003/1161 (3) dated 10th June 2004
- (6) Industries & Mines Dept. Govt. Resolution - Assistance for Cluster Development No: APN/102003/1161 (5) dated 10th June 2004
- (7) Industries & Mines Dept. Govt. Resolution - Assistance to Research & Development No: APN/102003/1161 (8) dated 10th June 2004
- (8) Industries & Mines Dept. Govt. Resolution - Scheme for Relief to the Sick Industrial Company Registered with BIFR/GBIFR No: BFR/HPC/102003/3537/P dated 12th May 2004

Preamble

The Industrial Policy 2009 aims at the comprehensive social and economic development of Gujarat. The Policy focuses on making Gujarat an attractive investment destination of choice, not only in India but also in the world. The primary policy objectives are (1) Facilitating investment in the state (2) Employment generation and employability enhancement (3) Adherence to high quality standards.

The new Industrial Policy incorporates specific interventions for development of Small & Medium Enterprises which contribute significantly to the economy. For this purpose a Task Force Committee was constituted to review existing schemes under the 2003 policy. The Committee analyzed schemes, had discussions with Industries

Associations and came out with suggestions for necessary modifications. The Committee also made recommendations, for new schemes, as well as for the introduction of a modified comprehensive scheme to make Gujarat MSMEs competitive. The recommendations of the Committee have been incorporated in the New Industrial Policy 2009.

Resolution

After due consideration Government is pleased to introduce a "Scheme for Assistance to Micro, Small and Medium Enterprises" which will come into force from the date of issue of this GR. The Scheme will remain in operation for a period of five years.

1 Definitions

1.1. Micro, Small and Medium Enterprises (MSME)

An industrial unit, which satisfies the conditions of Micro, Small and Medium Enterprises as per the definition under the MSME 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 Micro, Small or Medium Enterprise as the case may be.

1.2 New unit

MSME industrial unit, which has filed Entrepreneurs Memorandum Part-I prior to or during the operative period of the Scheme and commences commercial production during the operative period of the Scheme.

1.3 Existing unit

MSME unit defined as above in 2.1 which has started commercial production prior to this Scheme and is implementing expansion/diversification/modernization in the project for carrying out activities indicated in the Scheme.

1.4 Expansion or diversification

Existing MSME unit taking up expansion or diversification with investment more than 50% in its existing gross fixed capital investment.

1.5 Modernization/Technology Upgradation

Existing MSME unit investing more than 25% in the cost of its existing plant and machinery to upgrade technology by way of adopting new technology/production process and/or improving quality of products.

2.0 Eligibility

2.1 All new or existing MSMEs as defined in para 2 above will be eligible for availing incentives.

2.2 Large Enterprises, Anchor Units, R&D institutions, Industry Associations, Institutions etc. will be eligible only for specific categories of incentives as indicated in the respective category in the Scheme.

3.0 Incentives

Units will be eligible for various incentives as mentioned below for various purposes as indicated.

3.1 Interest Subsidy as per following parameters:-

- ❖ All MSMEs will be eligible as per definition of MSME for setting up a new unit or expansion or diversification or modernization in existing unit. *The Plant & Machinery to be installed should be new with modern state of the art technology.*
- ❖ Graded interest subsidy for micro, small and medium enterprises. Interest Subsidy @ 7% for micro enterprises and @ 5% for small and medium enterprises.
- ❖ Interest subsidy not available for penal interest or other charges.
- ❖ 1% additional interest subsidy to youth having less than 35 years of age in case of first project. Woman entrepreneurs will be accorded priority.
- ❖ Maximum amount of interest subsidy will be Rs. 25 lakhs per annum , for a period of five years.
- ❖ Unit availing term loan from any bank/FI approved by RBI will be eligible. The amount of interest subsidy will be paid to the Bank/FI with intimation to the unit.
- ❖ Unit applying within one year of loan disbursement will (first installment) be eligible.

- ❖ If the unit becomes defaulter in repayment to Bank/FI, such default period will be deducted from the period of five years.
- ❖ Disbursement will start only after the unit starts commercial operation.

3.1.1 Conditions for Interest Subsidy:-

- (1) Unit will have to observe pollution Control measures as prescribed by GPCB or other competent authority.
- (2) Unit will have to remain in production for 5 years from the date of commercial production.
- (3) Unit will have to furnish information regarding production, employment etc. wherever asked by the Government.
- (4) Unit will have to employ at least 85% of the total employment and 60% of supervisory and managerial employment from local persons.
- (5) Sick units will not get benefits under this category.
- (6) If the unit is defaulter in paying any Government dues, it will not get assistance under this category.
- (7) This Scheme will be supplementary to the Government of India Scheme.

3.2 Venture Capital Assistance

- ❖ To promote Venture Capital Funding for MSMEs, for projects, adopting innovative technologies such as Technical Textiles, Nano Technology, Information Technology, Bio-Technology etc., the Government would provide funds to FIs/Banks who have the necessary expertise in operating Venture Capital Funds. The maximum amount to be given to any such funds would be Rs. 10 Crores during the operative period of the scheme. Detailed guidelines for operationalizing the schemes would be issued separately.

3.3 Quality Certification

- ❖ Assistance will be granted to the eligible MSMEs for maximum 3 quality certifications, at the rate of 50% of cost of quality

certification within overall ceiling of Rs. 6 lakhs in 5 years. The cost for certificate will include:-

- Fees charged by certification agency(excluding travel, hotel & surveillance charges)
 - Cost of testing equipments as suggested by BIS.
 - Calibration charges of equipment.
 - Consulting fees and training charges (excluding travel, hotel & surveillance charges)
- ❖ Quality certification scheme will be supplementary to GoI scheme

3.4 Skill Enhancement

- ❖ 50% of fees, subject to maximum Rs. 5000 per person for a minimum one week duration training of skill upgradation in MSMEs in a programme conducted in institutions suggested by an Anchor Institute or specialized institution in specific sector will be reimbursed. The minimum batch size for such training assistance should be of 25 trainees.

3.5 Technology Acquisition Fund

- ❖ Assistance for acquisition of appropriate technology in any form to a group of at least 10 MSMEs for a specific product / process will be provided by way of 50% grant subject to a maximum of Rs. 1 cr. per technology including royalty payments for first two years.

3.6 Support to R&D Institutions

- ❖ Need based support will be provided to R&D institutions set up with the State Government support, including setting up of new R&D institution, Testing facilities, incubation center etc. The assistance will be upto 60% of the project cost excluding land cost & building cost.
- ❖ Eligible activities will be decided by the SLAC
- ❖ Assistance for Contract/Sponsored research work from any industrial unit / Industry Association to recognized R&D Institution/ technical colleges approved by AICTE, will be considered @ 50% of project cost, excluding cost of land and building, subject to maximum Rs. 50 lakhs.

3.7 Patent Assistance

- ❖ Assistance @50% subject to maximum Rs.10 lakhs for necessary expenditure for obtaining domestic patents by any industrial unit / institution.
- ❖ Quantum of assistance can be enhanced to Rs. 25 lakhs for international patents by a company.
- ❖ Fees paid to patent attorney and patent service centre will be eligible (excluding travel, hotel charges).
- ❖ Maximum five patents per unit over a 5 years period will be eligible.

3.8 Energy and Water Conservation

- ❖ 50% cost of energy/water audit conducted in a unit by a recognized institution/consultant subject to a limit of Rs. 25,000/- will be reimbursed to the MSME.
- ❖ Group of units/cluster will be given priority.
- ❖ In addition, assistance of 20% of cost of equipment subject to maximum Rs. 10 lakhs per project will be considered in a period of five years.

3.9 Market Development Support

- ❖ Assistance to MSME for packaging design from recognized institutions @50% of the cost subject to maximum Rs. 2 lakhs, once in a period of five years.
- ❖ Assistance to MSME units for participation in International Trade Fair outside India @ 50% of total rent, literature and display material subject to maximum Rs. 5 lakhs, once in one country in five years. The unit should not participate in an individual capacity, but only as a part of the Industry Association which would participate in such trade fairs. The assistance would be by way of reimbursement.
- ❖ Assistance to Industry Associations @ 50% of total rent subject to maximum Rs. 10 lakhs for participation in international trade fair as Gujarat Pavilion outside India for participation of minimum 5 units in a form of reimbursement.

- ❖ Viability gap support to Industry Associations for organizing national seminars/exhibitions in Gujarat, subject to maximum Rs.4 lakhs and for organising international seminar/exhibition in Gujarat subject to maximum Rs. 8 lakhs.
- ❖ Assistance for setting up of Convention Centre/Trade centre by Industry Associations @50% of project cost upto Rs. 5 crore excluding land cost once in a period of 5 years.

3.10 Support for Vendor Development

- ❖ Support for vendor development on the line of PPP model wherein parent unit is to contribute minimum 5% for prototype/new product development besides technical support and commitment for procurement guarantee for 3 years.
- ❖ Vendor unit will be eligible for interest subsidy as per the present scheme.
- ❖ Parent unit will be supported to develop industrial parks with assistance @ 20% of infrastructure cost excluding land cost subject to maximum Rs. 1 Crore.
- ❖ New or existing Medium/large unit can be considered as parent unit to support development of minimum ten vendor units for a new product/prototype development for eligibility.

3.11 Support to auxiliary industries for value addition

- ❖ Large units producing raw materials and promoting auxiliary MSME units to be encouraged to develop Industrial Park for accommodating minimum 20 units .
- ❖ Assistance @20% of infrastructure cost excluding land cost subject to maximum Rs. 1 cr.
- ❖ Facilitation in purchase of land for the industrial park.

3.12 Cluster Development in PPP mode

- ❖ Anchor units, nodal institutions and/or industry associations will be associated in PPP mode in a programme of cluster development.

- ❖ Comprehensive support to strengthen cluster units in a programme covering product design and technology, quality improvement, energy & water conservation, common branding and marketing facilities, hiring of an expert /cluster development agent, setting up of demonstration plant, common facilities, incubation centre, CFC, ITI extension centre and other need based facilities.
- ❖ Assistance @80% (including assistance from Government of India) in the proposed cost of programme with a ceiling of Rs. 10 crore per cluster for a period of 3 to 5 years.
- ❖ Assistance to nodal institutions/hiring of experts should not exceed 3% of project cost.
- ❖ Cluster Advisory Institution (CAI) to be constituted.
- ❖ Clusters will be eligible for partial financial assistance as available under the Scheme of Critical Infrastructure.
- ❖ Assistance will be subject to preparation, by the project owners, of a Comprehensive Development Plan of the cluster for 5 years.

3.13 Rehabilitation of Sick Units

- ❖ Subsidy @ 50% on cost of diagnostic study by technical institution initiated through FI/Bank/Govt. -maximum Rs. 1 lakh.
- ❖ Registered Experts in the field of technology, marketing and finance may be engaged to advise sick units. 50% fees (maximum Rs. 1 lakh per unit) will be reimbursed on implementing suggestions given by such registered expert.
- ❖ Interest subsidy @ 5% per annum limited to Rs. 10 lakhs per year for three years on additional finance for rehabilitation, disbursed by Bank/FI .
- ❖ One Time Settlement (OTS) on a graded scale for Government dues as well as dues towards Government/Corporations/Boards for which a separate Government Resolution (GR) will be introduced
- ❖ Other unit taking over a sick unit for rehabilitation will be eligible for assistance as above.

3.14 Awards to Best MSMEs

- ❖ Separate awards to be given for Micro, Small and Medium category
- ❖ Three awards to be awarded in each category.
 - **Growth** in production and profit
 - **Quality and Environment** improvement measures.
 - **Innovation** in technology for new product or process development
- ❖ Award in the form of Rs. 1 lakh, cash and appreciation letter.
- ❖ Awardees to be given priority in participation of International Seminars and incentives under the scheme.
- ❖ Independent Credit Rating agency to be appointed to select the best performing MSMEs in the above categories.
- ❖ Nominations to be encouraged from industries associations.

3.15 Promotion of specific sector:

- ❖ Specific sector identified in a district shall be supported with integrated programme of interest subsidy, technology upgradation and quality certification.

4.0 Eligibility for Quantum of Assistance

- 4.1** All eligible MSMEs as indicated in para 4.1 and other units as indicated in para 4.2 respectively can avail incentives as above under different categories separately or in combination. Assistance will be given only once under each category in five years period unless otherwise specified in the specific category of incentive. For the same investment, assistance/benefit can be availed under only one category. The unit that has received assistance under this, GR will not be entitled to avail benefit of any other State Government Scheme, unless specifically specified otherwise.

5.0 State Level Approval Committee

- 5.1** A committee consisting of following members is constituted for sanction of assistance with respect to various proposals/ received under the scheme except the proposals indicated in para 7.2.

Industries Commissioner	Chairman
Principal Chief Industrial Advisor (PCIA)	Member
Representative of Gujarat Chamber of Commerce and Industry	Member
Deputy Secretary (FD)	Member
Deputy Secretary ,Industries & Mines Dept.	Member
Additional Ind. Commissioner (Dev)	Member
Joint Commissioner of Industries (Incentive)	Member-Secretary

5.2 Sanction and disbursement on proposals for Interest Subsidy and Quality Certification will be done by General Manager, District Industry Centre (DIC) in respective district and will be reviewed every month by a three member committee headed by the Collector. Representative of a District level leading Industries Association will be member of such a Committee and GM, DIC will be the member secretary of the committee.

5.3 The State Level Approval Committee will also monitor the progress of the implementation of all proposals for which the assistance is sanctioned including proposals in DICs.

5.4 In case of any issue regarding interpretation of the scheme, the State Level Approval Committee will be the authority to give clarification / decision , keeping in view the objective of the scheme, which will be final & binding to all the concerned.

6.0 Other Conditions

6.1 A Unit which has applied in any of the earlier schemes as referred in read above in the GR and assistance is not sanctioned, will have to apply afresh in the present scheme provided eligibility criteria are satisfied.

6.2 All previous GRs announced under Industrial Policy 2003 read as above at Sr. No. (2) to (7) stand repealed. GR as at Sr. No.(8) is not in force as of now. The sanctioned cases under these GRs will continue to get benefits as prescribed under them.

7.0 Procedure

- ❖ A comprehensive application form for assistance under the scheme will be designed and put up on the website. The check list and

timeline will be decided as part of the application form & the same will be binding to all the applicants.

- ❖ The applications will be processed as per the procedure laid down and will be placed before the committee every month.
- ❖ The detailed procedure for sanction and disbursement will be laid down by SLC and will be implemented by the IC office; which will be binding to the applicants.
- ❖ The decisions of the committee will be communicated by IC/DIC office to the applicant.

8.0 Review of the Schemes

All the above Schemes will be reviewed after two years with reference to intended outcome, actual performance and financial burden.

9 Budget Provision

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

Sr.No.	Budget Head	Para No. & Scheme
1.	Demand No.49 Major Head 2851, Village & Small Industries102-(16) IND-1, Financial Assistance to Industries, 3135 Grant in Aid (C) others	4.1 Interest Subsidy 4.2 Venture Capital Assistance 4.3 Quality Certifications 4.5 Technology Acquisition 4.7 Patent Assistance 4.8 Energy & Water Conservation
2.	Demand No.49 Major Head 2852, (003) Industrial Education Research & Trg. (2) IND-2, Asst. for Research & Technology Development, Grant in Aid (C) others	4.6 Support to R&D Institutions 4.12 Cluster Development in PPP mode 4.15 Promotion of Specific Sector
3.	Demand No.49 Major Head 2852, 80(800) other expenditure (23) IND-4 Asst. to Institutions for Indl. Development	4.4 Skill enhancement
4.	Demand No.49 Major Head 2852, 80(800) other expenditure (24) IND-5 Promotional Efforts for Industrial Development	4.9 Market Development Support 4.10 Support for Vendor Development 4.11 Support to auxiliary Industries for value Addition 4.14 Awards for best SMEs
5.	Demand No.49 Major Head 2852, Industries(Plan) 800 other expenditure (25) IND-6 Rehabilitation Scheme for Sick MSME units	4.13 Rehabilitation of Sick Units

This issues with the concurrence of Financial Department dtd 10/2/2009,
received on the even number file of this Departments.

By order and in the name of Governor of Gujarat



(Shridevi Shukla)
Deputy Secretary
Industries and Mines Department

Copy:

1. Secretary to H.E. Governor*
2. Principal Secretary to Hon. CM*
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4. Personal Secretary to all Hon. Ministers
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