

THE INDUSTRIAL POLICY 2020 (Subsidy For Enterprise)

DHRUVIN D. MEHTA

Hon. Secretary, AGFTC(2021-22)
Vice President, I.T. Bar Asso; Ahmedabad



The Industrial Policy 2020 envisions Gujarat as a global business destination for next-generation sustainable manufacturing and service industry. Under various regulatory reforms, Gujarat Government has introduced Gujarat Micro, Small and Medium Enterprise Act 2019. The aim of this Act is to facilitate ease of doing business for the MSME sector in the state of Gujarat. In view of the strategy under New Industrial Policy - 2020 the state Government is pleased to introduce many schemes.

» Now the first question is what is MSME Unit?

MSME enterprise as per MSME Act 2006

Manufacturing & Service Sector

Enterprise Category	Investment and Annual Turnover Criteria
Micro Enterprise	Where the investment in Plant and Machinery or Equipment does not exceed 1 crore rupees and turn over (excluding exports of goods and services) does not exceed 5 crore rupees.
Small Enterprise	Where the investment in Plant and Machinery or Equipment does not exceed 10 crore rupees and turn over (excluding exports of goods and services) does not exceed 50 crore rupees.
Medium Enterprise	Where the investment in Plant and Machinery or Equipment does not exceed 50 crore rupees and turn over (excluding exports of goods and services) does not exceed 250 crore rupees.

And enterprise has obtained “Udyog Aadhar/Udhayam Registration Number”

Few Important Terms:

- I. New Enterprise : New enterprise means MSME, which has filled Udyog Aadhar/Udhayam Registration and commences commercial production during the operative period of the scheme(From 07/08/2020 to 06/08/2025).

- II. Existing Enterprise : An existing Enterprise means MSME which has commenced commercial production before the date of announcement of the scheme(i.e.on 07/08/2020).
- III. Expansion : Expansion means where an existing/new enterprise increases its investment in gross fixed capital by at least 50%(out of which at least 60% made in plant and machinery for which expansion is carried out) of its existing gross fixed capital investment.

FOLLOWING ARE THE SCHEMES:

Scheme 1: **Assistance of Capital Investment Subsidy**

Category I Taluka	@25% of Term Loan Amount subject to Maximum Amount of Rs. 35 Lakhs; If the eligible FCI(Fixed Capital Investment) is over Rs.10 Crores, additional Rs.10 Lakhs will be given.
Category II Taluka	@20% of Term Loan Amount subject to Maximum Amount of Rs. 30 Lakhs; If the eligible FCI is over Rs. 10 Crores, additional Rs. 7.5 Lakhs will be given.
Category III Taluka and Municipal Corp. Area	@10% of Term Loan Amount subject to Maximum Amount of Rs. 10 Lakhs; If the eligible FCI is over Rs.10 Crores, additional Rs.5 Lakhs will be given.

Few Important Notes:

- I. Enterprise Shall Have to Apply one year from the date of first disbursement of loan or before the date of starting commercial production whichever is later.
- II. 2nd hand imported machinery and only new building will be eligible for incentive under the scheme but Land is excluded.

Scheme 2: **Assistance of Interest Subsidy**

Category I Taluka	Interest Subsidy @7% on Term Loan with the maximum amount of Rs. 35 Lakhs per annum for period of 7 years.
Category II Taluka	Interest Subsidy @6% on Term Loan with the maximum amount of Rs. 30 Lakhs per annum for a period of 6 years.
Category III Taluka and Municipal Corp. Area	Interest Subsidy @5% on Term Loan with the maximum amount of Rs. 25 Lakhs per annum for a period of 5 years.

Few Important Notes:

- I. 1% additional Interest Subsidy to differently able, women and register start up entrepreneurs.
- II. 1% additional Interest Subsidy to young entrepreneurs below the age of 35 years.
- III. **ENTERPRISE MUST BEAR MINIMUM 2% INTEREST LEVIED ON TERM LOAN.**

Scheme 3: **Assistance for Quality Certification**

- » The Manufacturing sector will be eligible for following assistance.
- » ERP Assistance - 65% of the capital cost for installing the Enterprise Resource Planning(ERP) system subject to a maximum amount of Rs.1 Lakh.
- » Quality Certification : 50% of fee payable to certification for national/ international certification(e.g. WHO/GMP/HALLMARK) and 50% cost of testing equipment and machinery required for the certification totalling upto maximum amount of Rs.10 lakhs.
- » Expenditure incurred for renewal of certificate shall not be eligible for assistance.

Scheme 4: **Assistance for ZED Certification**

The enterprise will be eligible for subsidy @50% of all charges on the amount after deducting the assistance received from Govt. Of India for ZED(Zero effect & Zero Defect) certification, up to a maximum amount of Rs. 50,000.

Scheme 5: **Assistance in implementation of Information & communication Technology(ICT)**

The Equipment required for use of ICT as a media of communication, networking with hardware for accessing cloud computing shall be eligible for 65% of expenditure with ceiling limit of Rs. 500000.00

Scheme 6: **Assistance for Technology Acquisition**

Assistance for acquisition of appropriate technology from recognized institutions for its product/process during the operative period of the scheme will be provided by way of 65% of the cost payable subject to a maximum of Rs. 50 lakh, including royalty payment for the first two year.

Scheme 7: **Assistance for Patent Registration**

Individual/any legal entity will be eligible for assistance of 75% of cost/eps incurred for any number of patent applications subject to maximum Rs. 25lakhs per applicant\enterprise for obtaining patent registration of developed product/process.

Scheme 8: **Assistance for savings in consumption of Energy/Water**

- » 75% of energy/water audit charges by recognized consultants subject to maximum Rs. 50000/- for each, once during the period of scheme.
- » 25% of cost of equipment recommended by auditing authority subject to maximum 20 lakhs, one time assistance subject to savings in energy/water minimum by 10% of average monthly consumption.

Scheme 9: **Assistance for raising capital through SME Exchange**

25% expenditure incurred on raising of funds through SME exchange maximum to Rs. 5 Lakhs one time. Enterprises have to apply within 1 year from the listing date.

Scheme 10: **Assistance for reimbursement of CGTMSE fees**

Assistance @100% annual service fees paid for availing of collateral free term loan under CGTMSE, for the period of five years. Service and trading activity will not be eligible for this assistance.

Scheme 11: **Rehabilitation of sick Enterprise**

Reimbursement of 50% cost of preparation of Draft Rehabilitation Scheme subject to maximum of Rs. 1 lakh to sick enterprise.

Scheme 12: **Assistance for Power Connection Charges**

Assistance @35% of charges paid to distribution licenses for LT/HT service line by MSME located in other than GIDC/ approved industrial park area, maximum limit upto Rs. 5 lakh

Scheme 13: **Assistance in Rent to MSEs**

Assistance @65% of rent by the enterprise with maximum limit of Rs. 1 lakh per annum for % years.

Scheme 14: **Assistance to Environment Management**

- » Implementation of cleaner production technology which reduce use of raw material or substitute of raw material, reduction in water and electricity consumption or waste generation is eligible activity under the scheme.
- » For pollution control equipment, MSME@25% & large unit @10% of P&M with ceiling limit of Rs 35 lakh.
- » For other equipment, MSME @35% & large unit @10% of P&M with ceiling limit of 35lakhs.
- » For Periodical environment audit Fees, one time incentive will be 75% of a fee with a ceiling limit of Rs.50000.

Scheme 15: **Assistance to establish Research & Development /Product development Center**

- » Eligible Institutions can avail assistance upto 30% of the investment in Machineries, Equipments, Hardware & Software and relates assets (excluding land & Building) required for R&D activities, with a ceiling limit of Rs. 5 crore.

Gujarat Industrial Policy 2020 is indeed a game changer. The policy will enable Gujarat as the best business destination in this competitive global market.