

**Scheme for Assistance to Micro, Small and Medium Enterprise (MSME)
(REVISED with enhanced assistance)**

Assistance of Capital and Interest Subsidy to MSMEs (except service enterprise)

1. Name of the Scheme

Scheme for financial assistance by way of Capital Subsidy and Credit linked Interest Subsidy to Micro, Small and Medium Enterprises.

2. GR No : Govt. of Gujarat, Industries & Mines Dept, Resolution No.MSM-102017-688-Ch Date: 24-10-2017.

3. Operative Period

From 01/04/2017 to 31/12/2019

4. Who will be eligible?

- The Enterprise having EM part-II / Udyog Adhar as a manufacturer under MSME Development act, 2006 with respective DIC as manufacturing enterprise.

Eligible new Unit :-

New enterprise during operative period of the scheme such enterprise has to commence production during the operative period.

- Moreover Existing enterprises carrying out new investment at other location to manufacture same / new end product which has filed Separate EM-II and commences commercial production during the operative period of the scheme will be consider as new enterprise.
- The new Enterprise should have separately identifiable capital investment.
- 'Seperately identifiable capital investment' means it should not have any production linkage with the existing manufacturing process and the product should be a separate product in itself

with independent marketability. The new unit should be in a separate building, should maintain separate books of accounts and the project should be appraised independently by financial institution as a viable project.

- Such new enterprise will be eligible for assistance as a New enterprise and one time for expansion/diversification during the operative period of the scheme.

Eligible Existing Unit :-

For carrying out expansion or diversification by existing enterprise with investment in fixed capital more than 50% of its existing gross fixed capital investment as on date of initiation of expansion/diversification. Out of which 60% investment should have in plant and machinery. Such expansion/ Diversification should have been completed and it should commence production during the operative period.

- **Expansion means** existing enterprises carrying out new investment at the same premises to expand plant capacity for the same product and commences commercial production of the said expansion during the operative period of the scheme.
- **Diversification means** existing enterprises carrying out new investment at the same location to expand plant capacity to manufacture new end product and commences commercial production of the said expansion during the operative period of the scheme.
- **For carrying out Modernization** of existing unit with investment in plant –machinery and equipment by more than 25% of its existing gross fixed capital investment, such modernization should be carried out by way of adopting new technology/ production process and/or improving quality of products.
- **One expansion/diversification and one modernization** during operative period is eligible to new unit set up during operative period of the scheme.

- **One** expansion/ Diversification and **one** Modernization during operative period shall be eligible to existing enterprises as on 1st January 2015.
- **Old & second hand machinery will not be eligible** for assistance.

5. Assistance Available

5.1 Capital Investment subsidy for Manufacturing Enterprises:

- Capital Investment subsidy will be eligible only on Term Loan Amount disbursed during the operating period by the Bank/ financial Institution (Except NBFC).

5.1.1. For Investment up to Rs.50,00,000/- in Plant and Machineries:

- Capital Investment Subsidy@ 15% of term loan amount disbursed by Bank/ Financial Institute with the maximum amount of Rs. 15 lakhs in Municipal Corporations area.
- Capital Investment Subsidy@ 20% of term loan amount disbursed by Bank/ Financial Institute with the maximum amount of Rs. 25 lakhs in other area outside the municipal corporations' area.

5.1.2. For Investment from Rs.50,00,001/- up to Rs.2,00,00,000/- in Plant and Machineries:

- Capital Investment Subsidy@ 12 % of term loan amount disbursed by Bank/ Financial Institute with the maximum amount of Rs.15 lakhs in Municipal Corporations area.
- Capital Investment Subsidy@ 17 % of term loan amount disbursed by Bank/ Financial Institute with the maximum amount of Rs.25 lakhs in other area outside the municipal corporations' area.

5.1.3. For Investment from Rs.2,00,00,001/- up to Rs.10,00,00,000/- in Plant and Machineries:

- Capital Investment Subsidy@ 10 % of loan amount disbursed by Bank/ Financial Institute with the maximum amount of Rs. 15 lakhs in Municipal Corporations area.

- Capital Investment Subsidy @ 15 % of loan amount disbursed by Bank/ Financial Institution with the maximum amount of Rs.25 lakhs in other areas outside the municipal corporations' area.

5.2 Interest subsidy for Manufacturing Enterprise:

- Enterprise which has obtained first disbursement during the operative period of the scheme will eligible for the assistance.
- Interest Subsidy will be reimbursed only after repayment of the term loan and interest to the Bank/Financial Institution.

Area	Rate of Interest subsidy	Maximum limit	No. of Years
Within Municipal Corporation area	5%	Rs. 25 lakhs per annum	5 years
Other areas outside Municipal Corporation	7%	Rs. 30 lakhs per annum	5 years

- 1% additional interest subsidy, if enterprise is set up with required equity contribution for the project @ 100% by youth/s having age less than 35 years as on the date of sanction of the term loan.
- 1% additional interest subsidy, if enterprise is set up by with required equity contribution for the project @100% by Physically Challenged or Women Entrepreneurs.
- In all maximum rate of interest subsidy shall not exceed 7% in municipal corporation areas and 9% in outside Municipal Corporation areas.

5.3 Interest subsidy to Service Enterprise:

- Only new MSME service enterprise having an Investment in equipment more than Rs. 5 lakh will be eligible for Interest subsidy.(Not eligible on development of construction- Building)
- List of 22 eligible service activities. **(Annexure-1)**

- @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.
- 1% additional interest subsidy, if enterprise is set up by with required equity contribution for the project @100% by Physically Challenged or Women Entrepreneurs.
- In all maximum rate of interest subsidy shall not exceed 6% anywhere in the state.

6. Conditions for the Capital Investment subsidy

- Enterprise which has obtained first disbursement during the operative period of the scheme will eligible for the assistance.
- In case term loan is sanctioned after one year from the date of commencement of commercial production, such enterprise will not eligible for subsidy under the scheme.
- The Unit shall have to continue production at least for 5 years from the date of commencement of commercial production, and if, it fails to do so than subsidy already been disbursed will be recovered as land revenue arrears.
- Total quantum of Capital Subsidy (State + Central) in any case shall not exceed the total loan amount disbursed by the bank/Financial Institutes.

7. Conditions for the Interest subsidy

- a. Enterprise shall have option for date of availment of interest subsidy either from the date of first disbursement of the loan or from the date of commencement of commercial production. This opted date will be final and period of 5 year will start from that date.
- b. The interest subsidy will be reimbursed to the enterprise who pays regular instalments and interest thereof to the financial institution. If the enterprise becomes defaulter for any period, it

will not be eligible for reimbursement of interest subsidy for that default period.

(Defaulter means the applicant who doesn't pay interest till 120 days against Term loan, this 120 days called defaulter period)

- c. In case term loan is sanctioned after one year from the date of commencement of commercial production, such enterprise will not eligible for Interest subsidy under the scheme.
- d. Total quantum of Interest Subsidy (State + Central) in any case shall not exceed the total loan amount disbursed by the bank/Financial Institutes

8. Other Conditions for Capital Investment / Interest Subsidy

- a. The enterprise has to apply to concerned DIC in prescribed format through online module with documents as specified in check list.
- b. The application should be submitted within one year from the date of first disbursement of term loan or on the date of commencement of commercial production whichever is later.
- c. First commercial sale bill will be the date of commencement of commercial production.

In case of Expansion / Modernisation / Diversification the first sale bill after implementation of such project will be considered as commence of commercial production.

- d. The enterprise shall have to obtain NOC from Municipal Corporation for doing the business, if enterprise located in the Municipal Corporation area.
- e. Subsidy will be reimbursed only after the commencement of commercial production of the enterprise.

- f. For the purpose of assistance under this resolution, the investment made in Gujarat shall be clubbed to decide the status of MSME.
- g. The enterprise shall have to file information about annual production, sales, power consumptions and such other details as may be called for by DIC. (for each year ended on 31st March regularly).
- h. The enterprise will have to employ at least 85% of the total employment and 60% of supervisory and managerial employment from local persons.
- i. The enterprise has to give undertaking on his letter head signed by authorized signature to confirm that all Government dues are paid as on date.
- j. Enterprise will have to observe pollution control measures as prescribe by GPCB or other competent authority.

Assistance for reimbursement of CGTMSE fees for Micro and Small enterprises

1. **Name of the Scheme** Scheme of Assistance for reimbursement of CGTMSE fees

2. **Operative Period** From 01/04/2017 to 31/12/2019

3. **Who will be eligible?**

1. The Micro & Small Enterprise registered as an industrial unit under MSME Development act, 2006 with respective DIC as manufacturing enterprise.

2. Entrepreneurs those who are availing collateral free term loan upto Rs. 2 Crores from financial institutions / Bank under CGTMSE will be eligible.

4. **Assistance Available**

Assistance as reimbursement @100% annual service fees paid to Bank / Financial institution for collateral free term loan under CGTMSE, for the period of five year.

Procedure:

- The unit will have to apply online within one year of 1st disbursement of term loan online on www.ifp.gujarat.gov.in for sanctioning.
- The unit has to submit printout of application along with all documents certified by authorised person to concern DIC in prescribed format as specified in check list for sanctioning.
- On receiving of application, DIC will scrutinise all documents.
- After scrutiny of all documents, General Manager- DIC will issue provisional sanction letter or raise a query online.
- On compliance of query, General Manager- DIC will issue provisional sanction letter.
- After receiving provisional sanction letter, The unit will have to apply claim online on www.ifp.gujarat.gov.in for every six months.
- The unit has to submit printout of claim along with all documents certified by authorised person to concern DIC in prescribed format as specified in check list for approving claim.
- On receiving of claim application, DIC will scrutinise all documents.
- On 1st, 3rd, 5th, 7th and 9th claim, Industries Inspector- DIC will visit the unit.
- Inspector will verify all documents, expenditure statements and fixed assets raised from term loan and also verify local employment.
- After verification, claim will be approved by General Manager- DIC.
- The amount will be disbursed through RTGS in applicant account through DIC, subject to the availability of grant.

[Common Check list for Capital Subsidy, Interest Subsidy & CGTMSE fees](#)

[Common application form for Capital Subsidy, Interest Subsidy & CGTMSE fees](#)

[Prescribed format for Bank Certificate for CGTMSE](#)

Please contact officer for further information, if required.

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