Gujarat Industrial Policy, 2015 & Other Loan Aided Subsidy Schemes

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Subsidy

Encourage, may also prevent, subsidies can come in various forms such as financial assistance, institutional support, and services. They may be made to encourage production, increase exports, or support urban domestic sector. Subsidies can be made to protect producers from unfair competition, artificial price formation, and to distort economic areas. They can also be made to improve for farm, food, and living goods.
-: Government View :-

1. Leveraging existing strengths and resources.
2. Upgrading infrastructure available in the state
4. Creating labour market efficiencies.
5. Promoting geographical strengths to ensure balanced regional growth.
6. Rewarding adoption of new technologies, business sophistication
7. Responding to changing domestic and global environment.
- IMPORTANCE OF SUBSIDY -

1. Risk reduction for Banking and Financial Institutions.
2. Increase in Security Coverage Ratio.
3. Client Approach will be positive compare to NBFCs.
5. Cost of production will be lower and thus repayment capacity increases.
Angles of Subsidy

- Segment Wise
- Geographically Located
- Global Vs Local
- Technology
- Labour Intensive

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-: LIST OF SUBSIDIES :-

1. As per Gujarat Industrial Policy, 2015.
2. Plastic Industry
3. Information Technology Industry
4. Development of Sheds for MSMEs
5. Prime Minister Employment Generation Programme (PMEGP)
6. Credit Linked Capital Subsidy Scheme (CLCSS)
7. Food Processing Industry Subsidy
-: LIST OF SUBSIDIES :-

8. Assistance for Common Environment Infrastructure
9. Assistance for Industrial Infrastructure
10. Assistance for Research & Development Activities
11. Awards to MSMEs & Exports
12. Market Development Assistance
Gujarat Industrial Policy, 2015
Objectives:

- Task force was constituted by Govt to review existing schemes and to make necessary changes.
- Promoting Gujarat a globally competitive & Innovative Industrial Destination
- Development of SMEs
- Promotion of ‘Make In India’ Concept of Hon’ble PM.
Policy Framework

• Operation Period
• Beneficiary
  - MSME
  - New or existing units
    - Expansion / diversification
    - Modernization
• Applicability
Major schemes and incentives to boost Manufacturing Sector in Gujarat

Assistance to MSMEs
- Interest Subsidy
- Venture capital
- Quality Certification
- Skill Enhancement
- Technology Acquisition Fund
- Patent Assistance
- Energy and water conservation
- Market Development Support
- Support for Ancillary/ Vendor Development
- Support to Auxiliary industries for value addition
- Assistance to R & D
- Cluster Development
- Rehabilitation of Sick Units

Assistance for Environment Protection Measures-MSME units
- Assistance Environment Management to MSMEs
- Assistance for encouraging green practices and Environmental Audit to MSMEs

Improving Industrial Infrastructure
- Assistance to Critical infrastructure Projects
- Financial Assistance to Industrial Park

Assistance to Textiles and apparels
- Interest Subsidy
- Technical Textiles
- Technology Acquisition
- Apparel Training Institutions and Trainees
- Training in Power loom Sector
- Technological acquisition for value chain
- Support for development of Textile & Apparel Park

Assistance to Gems & Jewellery Sector
- Interest Subsidy
- Hall Mark Certification and Gems Testing Centre
- Assistance for Health & Safety Measures
- Support for development of Jewellery Park

Assistance to Chemical Industries
- Subsidy on electrical duty
- Labour law flexibility

- Infrastructure support
- Venture Capital and Patent Assistance
- Support for R&D institutions

Enhancement of Technical Competence and Man Power
- Assistance to State Level Anchor Institute

Assistance for Technical Competence and Man Power
- Extension Training Centres
- Specialized Skill Development Centre

Assistance for Environment Protection Measures and Infrastructure
- Assistance to Common Environment Infrastructure Facilities (CEIFs) in PPP
- Financial Assistance under Non PPP Projects
- Assistance for clean carbon credits (CERs and VERs) and reducing carbon footprints
- Assistance for strengthening the Regulation and Environmental Compliance
## First Time Cash Assistance

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Capital Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Located inside Municipality Area</td>
<td>10% of the Loan <em>Disbursed</em>, upto 15 Lacs</td>
</tr>
<tr>
<td>Unit Located outside Municipality Area</td>
<td>15% of the Loan <em>Disbursed</em>, upto 25 Lacs</td>
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</tbody>
</table>

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<table>
<thead>
<tr>
<th>Particulars</th>
<th>New Scheme</th>
<th>Previous Scheme</th>
</tr>
</thead>
</table>
| Unit Located inside Municipality Area | 5% p.a., Max 25 Lacs p.a. for 5 yrs      | • For Micro – 7%  
• SME - 5%  
• Additional 1% for young (below 35)/ woman. |
| Unit Located outside Municipality Area | 7% p.a., Max 30 Lacs p.a. for 5 yrs      |                                                      |
# Interest Subsidy: Service Sector

<table>
<thead>
<tr>
<th>Particulars</th>
<th>New Scheme</th>
<th>Previous Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantum</td>
<td>5% p.a., Max 25 Lacs p.a. for 5 yrs</td>
<td>?</td>
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</table>

List of Services Industries Covered

...
Conditions*

- Application to the DIC
- Time Frame
- Release of Subsidy.
- Quantum of Subsidy.
- Production to be continued
Conditions*

- Loan from Banks and Financial Institutions
  NBFC not covered.
- No other subsidy be eligible from State Govt.
- Pollution Control measures prescribed by GPCB.
- Local Employment.
Assistance for Quality Certification
Assistance for Quality Certification

• Aim – to introduce quality products in global competitive market

• Coverage – 50% of cost of,
  
  ➢ Enterprise Resource Planning (ERP)
  ➢ Testing Equipment and Machinery required for Certification.
Assistance for Quality Certification

- Certifications such as,
  - ISO Certification
  - ISI Certification
  - WHO – GMP Certification
  - Hallmark Certification
  - Any other Certification approved by QCI
...Assistance for Quality Certification

**Conditions:**

- Not eligible if required as a part of statutory provision
- Supplementary to schemes of GOI
- Expenditure for renewal not eligible.
<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quantum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursement of CGTMSE Fees</td>
<td>For Women, SC / ST, Physically Challenged</td>
</tr>
<tr>
<td>Patent Registration</td>
<td>75% of cost or max Rs.25 lakhs</td>
</tr>
<tr>
<td>Assistance for Technology Acquisition (Only for technology and royalty exp, P &amp; M not covered)</td>
<td>50% of cost or max up to Rs.50 lakhs</td>
</tr>
<tr>
<td>Particulars</td>
<td>Quantum</td>
</tr>
<tr>
<td>----------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Saving in Consumption of Energy &amp; Water</td>
<td>75% of cost or max Rs. 50k, 25% of cost of equipment or max Rs. 20 Lakhs</td>
</tr>
<tr>
<td>Raising Capital through SME Exchange</td>
<td>20% of exp incurred or max Rs. 5 lakh</td>
</tr>
<tr>
<td>Assistance for Venture Capital</td>
<td>20% of Project Cost or Rs. 50 Lakhs</td>
</tr>
</tbody>
</table>
Assistance for Plastic Industry
Assistance for Plastic Industry

Why Required this specific scheme?

- Huge Import or use of items manufactured at China
- Promoting Indian Manufacturers to produce plastic products / articles / items.
- Usage of Glass or Steel industry been replaced by plastic industry.
Assistance for Plastic Industry

- No Limit for Investment
- Eligible Fixed Capital Investment –
- Only New enterprises are eligible.
- R.M. are to be purchased within the state only.
Plastic Industry

- **Quantum of Subsidy**
  - Interest Subsidy @ 7% with maximum amount of Rs. 1 crore p.a. for 5 yrs.
  - Reimbursement of 80% of Net VAT Paid excluding
    1) Additional tax and
    2) Reduction of ITC
• **Quantum of Subsidy**

- 70% of eligible fixed capital investment of eligible unit will be considered for reimbursement for 5 years. – 1/5<sup>th</sup> in each year.

- Amount of VAT reimbursed will not be again claimed by subsequent dealers by way of branch transfer, consignment, export etc.
Assistance for Shed & Plot Developed by Private Developer or GIDC
MSME Industrial Unit

- Monitoring Authority
- Objective
- Two Schemes

1) Assistance to private developer for developing readymade sheds in Mini Estate
2) Assistance in rent to MSEs
Scheme 1: For Development of Land

- **Procedure**
- **Quantum of Subsidy** – 50% of Total Cost.
- **Eligibility Criteria**
  a) Shed Area
  b) Development Area
  c) All the required sanctions from competent authority
Scheme 1: For Development of Land

- **Other Conditions:**
  - All infrastructures should be developed within 2/3 years
  - Assistance to developers for providing plug and play infrastructure facilities
  - Release of Grant by Govt
  - No additional charge to be recovered from MSME Unit.
Scheme 2: Assistance in rent to MSEs

- Why assistance is required in rent?
- Quantum of Assistance
- Period of Assistance
- Period of Lease Agreement
- Terms of Disposal of Assistance
Scheme 3: Development of Multi Storeyed Shed by GIDC

Procedure for Sale of Sheds by GIDC
INFORMATION TECHNOLOGY POLICY

- Monitoring body: Dept of Science & Technology, Govt. of Gujarat
- Objective
- Contribution in Indian Economy 7.5% in 2012 as compared to 1.2% in 1998
- Aggregate revenue US$ 100 billion in 2012, growth of more than 9%.
- Provides direct employment to 2.8 million people and indirect employment to 9 million people.
Government Goal: Introduction

- Increase in revenue from US$ 100 billion to US$300 billion.
- 10 million new additional employment.
- To have increase in export and thus contributing in reduction of balance of payment.
- Achieving our Hon’ble PM’s equation: IT+IT = IT
- To utilize the huge talent pool of young India in contributing the state and nation.
POLICY FRAMEWORK

• Available to MSME.
• New unit
• Existing unit
• Expansion / Diversification
• Mega IT/ITeS Projects
IT & IT enabled Services

- Call Centres
- Medical Transcriptions
- Back Office Operation/BPO/ KPO
- Revenue Accounting and other ancillary operations
- Insurance claim Processing
- Web/Digital Content Development
- Financial and Accounting Processing
- HR & Payroll Processing
IT & IT enabled Services

- Bioinformatics
- IT enabled banking, non-banking services including insurance, pension, Asset Management and market related services.
- Management and market related services.
- Depository and Security registration and dematerialization services.
Incentives >>>>

- Facilitation for Allotment of Land

- Development of IT/ITeS Technology Park

  - Assistance @50% of fixed capital investment in Building & Infrastructure excluding land, max Rs. 2.5 Cr.

  - Land Incentive : Exemption in Stamp Duty / Registration Fees / Conversion Fees
Incentives >>>>

- IT / ITeS units qualify for 100% reimbursement of stamp duty fees.

- Lease Rental Subsidy
Incentives >>>

- Setting up Finishing Schools (i- Kaushalya Vardhan Kendra)
  - 20% of Cost of Project or Rs. 5 Lakh, w. e. is lower.
- Special Incentive to set up premier IT Institutes
  - Incubation Centres
  - R&D Centres
  - IT/ITeS Development Centres
  - IT/ITeS Support Service Operations
- 100% Electricity Duty exemption.
- Supply of electricity at subsidized rate.
.. Incentives

- SEZ Status

- Subsidy on Bandwidth for Connectivity (BPO / KPO)
  - 30% Subsidy on Bandwidth connectivity paid to ISP or Max Rs. 5 Lakhs.
# Interest subsidy

<table>
<thead>
<tr>
<th>Categories Of Beneficiaries</th>
<th>Quantum of Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Enterprises</td>
<td>7% or Max Rs. 25 Lakhs p.a.</td>
</tr>
<tr>
<td>Small &amp; Medium Enterprises</td>
<td>5% or Max Rs. 35 Lakhs p.a.</td>
</tr>
<tr>
<td>Additional subsidy to youth for new units, SC / ST</td>
<td>1% or Max Rs. 35 Lakhs p.a.</td>
</tr>
</tbody>
</table>
## Quality certification

<table>
<thead>
<tr>
<th>Categories Of Beneficiaries</th>
<th>Quantum of Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees charged by Certification Agency</td>
<td>50% of Cost or Rs. 6 Lakhs</td>
</tr>
<tr>
<td>Consulting fees and training charges</td>
<td></td>
</tr>
</tbody>
</table>

- Ceiling is for the operation period.
- Only 3 Industry Standards Quality Certification.
## Technology acquisition

<table>
<thead>
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<th>Categories Of Beneficiaries</th>
<th>Quantum of Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group of at least 10 MSME</td>
<td>50% of Cost or Max Rs. 1 Crore *</td>
</tr>
</tbody>
</table>

- Rs. 1 cr per technology
- Royalty of first 2 yrs.
Skill Enhancement

- Min 20 on roll employees

- Industry recognized certificates such as .net, networking, project management etc.

- 50% of cost, s.to Rs.10k per employee, s.to Rs. 1 Lac per unit.
Support to R&D Institutions

• Required to be set up with the permission of State Govt.

• 60% of project cost excluding L & B, max Rs. 50 Lacs

• Also assistance for Contact / Sponsored Research Work. (At 50%)
### Patent Assistance

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<thead>
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<th>Categories Of Beneficiaries</th>
<th>Quantum of Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Domestic Patents</td>
<td>50% of Cost or Max Rs. 10 Lakhs</td>
</tr>
<tr>
<td>For International Patents</td>
<td>50% of Cost or Max Rs. 25 Lakhs</td>
</tr>
</tbody>
</table>

- Fees paid to Patent Attorney and patent service center.
- Max 5 Patents.
Market Development Support

Assistance to MSME Units

Assistance to Industry Associations

For Organizing Seminars in Gujarat.
### Assistance to MSME Units

<table>
<thead>
<tr>
<th>Categories Of Beneficiaries</th>
<th>Quantum of Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Rent of Stall or Rent of Space</td>
<td>50% of Cost or Max Rs. 2 Lakhs</td>
</tr>
<tr>
<td>Product Literature / Catalogue</td>
<td></td>
</tr>
<tr>
<td>Display Material</td>
<td></td>
</tr>
</tbody>
</table>

- Only twice during operating period.
- By a way of reimbursement.
## Assistance to Industry Associations

<table>
<thead>
<tr>
<th>Categories Of Beneficiaries</th>
<th>Quantum of Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Rent</td>
<td>50% of Cost or Max Rs. 10 Lakhs</td>
</tr>
</tbody>
</table>

- By a way of Reimbursement.
Assistance for Organize Seminars in Gujarat

In the nature of viability gap.

For National Seminars Rs. 4 Lakhs.

For International Seminars Rs. 8 Lakhs.
Simplification of various Laws

- IT / ITeS declared as essential service under Gujarat Essential Services Maintenance Act.
- General permission to have 24x7 operations/to run in three shifts.
- Permitted to self certify that they are complying the following act
  - The Payment of Wages Act, 1936
  - The Minimum Wages Act, 1948
  - The Workmen’s Compensation Act, 1923
  - The Contract Labour (Regulations and Abolition) Act, 1970
  - Employees State Insurance (Amendment) Act, 2010
Simplification of Compliance in Laws

- Gujarat Shops and Establishment Rules, 1963
- The Payment of Gratuity Act, 1972
- The Maternity Benefit Act, 1961
- Equal Remuneration Act, 1976
- Water (Prevention and Control of Pollution) Act, 1974
- Employment Exchange Act, 1959
- The Factories Act, 1948 and Gujarat Factories Rules, 1963
- Employees’ Provident Fund & Miscellaneous Provisions Act, 1952
Simplification of Labour Laws:

- Reimbursement of EPF
  
  - New Units, Max Rs. 5 Lakhs per unit per year
  
  - Existing Units, only for additional employees, 100% for female and 75% for male.
Investor Facilitations:

- Role of govt. will be of facilitator.
- Single Window Clearance Committee
- Call centre on 24x7 basis.
- M/s Gujarat Informatics Limited (GIL) will act as a Nodal Agency
Assistance Under PMEGP
PMEGP

- Monitoring Body
- Objective
- Mfg / Service Sector
- Fund Allocation by Govt was Rs. 1276 Cr in 2012-13.
- When Subsidy will be released?
- When Subsidy amount can be utilized?
PMEGP

- Encouragement for new establishment only.
- Subsidy is available at 15 - 35% of Cost of Project

- KVIC will act as the monitoring authority for the implementation of this scheme.

- The bank can sanction maximum at 90-95% of the Project Cost.

- Maximum Cost of Project eligible for Plant & Machinery and Working Capital Limit is Rs.25 Lacs.
PMEGP

- No. of Employment Generation
- Minimum Education
- Cost of Land not included
- One Person from One Family
- Utilization of Cash Credit
- 100% Physical Verification
### Levels of Funding under PMEGP

<table>
<thead>
<tr>
<th>Categories of Beneficiaries Under PMEGP</th>
<th>Beneficiary’s Contribution</th>
<th>Rate Of Subsidy (Project Cost)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area (Location of Project / Unit)</td>
<td>10%</td>
<td>Urban 15% 25% Rural</td>
</tr>
<tr>
<td>General Category</td>
<td>10%</td>
<td>15% 25% 25% 25%</td>
</tr>
<tr>
<td>Special (including SC/ST/ OBC / Minorities/Women, Ex-servicemen, Physically handicapped, NER, Hill and Border areas etc.)</td>
<td>05%</td>
<td>25% 35%</td>
</tr>
</tbody>
</table>

--- **Coverage of PMEGP** ---

This scheme is applicable to all new viable micro enterprises, including village industries projects except activities indicated in negative list of village industries.
Assistance Under CLCSS
Objective:

Entrepreneur requires funds not only for setting up business, but also for up gradation / modernization of business.

– Quality standards up to Global level
– Low cost of production
– To challenge global competition.
CLCSS

- New Units or Existing units
- SSI including Tiny, Khadi, Village Industries etc.
- NABARD, SIDBI and Few Nationalized Banks as Nodal Agency
- Procedure
- Scheme has been amended w.e.f 29.09.2005.
Assistance For Food Processing Industry
- NATIONAL MISSION ON FOOD PROCESSING:-

- CENTRALLY SPONSORED SCHEME

- OBJECTIVES

- TO AUGMENT THE CAPACITY OF FOOD PROCESSORS

- TO SUPPORT ESTABLISHED SELF HELP GROUPS

- TO RAISE THE STANDARDS OF FOOD SAFETY AND HYGIENE

- TO REDUCE WASTAGES, VALUE ADDITION, ENHANCE INCOME OF FARMERS, INCREASE IN EXPORTS
- NATIONAL MISSION ON FOOD PROCESSING:

- 2 TIER STRUCTURE – NATIONAL (GIVING OVERALL DIRECTION AND GUIDANCE) AND STATE (ADMINISTRATIVE)

- STATE LEVEL MAY FURTHER DELEGATE POWERS TO DISTRICT LEVEL BODIES.

- NEW OR EXISTING UNITS
-: DE LINKAGE OF THIS SCHEME:-

- Delinked by Central Govt.
- Reason for De Linking
- No further funds been allocated
SOME NEW SCHEMES TO BE INTRODUCED:

- Special fund for funding of micro entrepreneurs
- Social security measures especially for the poor
- Pass through tax benefit for funding especially for startups
- Much awaited concrete proposal for gift city
In case of any query, you may reach us to

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