

**Scheme for Assistance to
Manufacturing sector-**

Government of Gujarat
Industries & Mines Department
Resolution No. BJT-102012-92765-I
Sachivalaya, Gandhinagar
Date 26-02-2013

Read:-

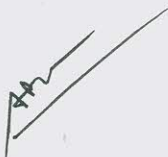
- (1) Industrial Policy – 2009- and GRs issued there under.

Preamble

The Industrial Policy 2009 of Government of Gujarat (GoG) aims at the comprehensive social and economic development of the State. The Policy focuses on making Gujarat an attractive investment destination of choice in India and also in the world. The primary objectives of the policy are, (a) Facilitating investment in the state (b) Employment generation and employability enhancement (c) Adherence to high quality standards. The manufacturing sector has a pivotal role in fulfilling the objectives of the above policy.

The overall growth rate of the manufacturing sector in India being much below its potential, the Government of India (GoI) has laid emphasis on the growth of manufacturing sector. The National Manufacturing Policy 2011 aims at increasing the present share of manufacturing sector in GDP from 18% to 25% by 2025.

Manufacturing sector in Gujarat contributes to 27.6% of GSDP in Gujarat with a CAGR of 23% in last two years. There is a need for quantum jump. Gujarat aspires to become a beacon of comprehensive social and economic development by (a) creating more employment (b) Development of entire value chain of the sector (c) Focusing on value addition in product development/process (d) Development of knowledge base in sectors (e) sustainable development. Therefore in the budget speech of the year 2012-13, Government announced its intention to attain the target of 32% contribution of the Manufacturing Sector in the GSDP of the state; by 2013 through introduction of specific interventions in the sub-sectors of, Auto and auto Components, Solar and Wind equipments manufacturing, Specialty and fine Chemicals, Electronic System Design and Manufacturing (ESDM) and Food and Agro Business.



Resolution:-

After due consideration, Government is pleased to introduce following five schemes for the Manufacturing Sector to fulfill its stated objectives. These schemes will come into operation from the date of issue of this G.R. and shall remain in force for 5 (five) years.

1.0 Scheme: 1

Scheme of Interest Subsidy:-

1.1 Definitions:-

(a) **New Enterprise** means the unit which commences commercial production during the operative period of this policy and has obtained separate EM / IEM or Industrial license or registration from the competent authority.

(b) **Micro, Small and Medium Enterprises (MSME)**

A unit, which satisfies the conditions of Micro, Small and Medium Enterprises as per the definition under the MSME Development 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 MSME. The units covered under para 1.1(a) and sectors mentioned in preamble and having cost of plant & Machinery of less than Rs. 10 crores will be considered as MSME.

(c) **Large Industry** means the industrial unit which is intending to set up a manufacturing unit having a project cost up to Rs. 100 Crores and not covered under the MSME as 1.1(b) above.

(d) **Existing Enterprise**

Existing Enterprise means the units not covered under Para 1.1(a) above and has started commercial production prior to this Scheme.

(e) **Expansion or Diversification**

Existing units taking up expansion or diversification with investment of more than 50% in its existing gross fixed capital investment in land, Building, Plant and Machinery and assets used for the manufacturing of the products.

(f) **Modernization/Technology Up-gradation**

Existing units investing more than 25% in the cost of existing plant and machinery to upgrade technology by way of adopting a new technology/production process which result into improving quality of products, savings in energy/ water / raw materials and reduction in pollution.



1.2 Eligibility:-

All new/existing Enterprise as defined in Para 1 above will be eligible for availing incentives under this scheme. New Enterprise will also get benefit for one time expansion or diversification during the operative period of this scheme. Existing Enterprise will get benefit of expansion/ diversification / modernization / technology up-gradation during the operative period of this scheme.

1.3 Quantum of assistance:-

- a. Graded interest subsidy for five years @7% for MSMEs and 2% for large Industries having an actual investment up to Rs.100.00 Crores.
- b. Maximum amount of interest subsidy per annum shall be Rs. 25 lakhs for MSMEs and Rs. 50 lakhs for large units.
- c. The Unit applying within one year from the date of first installment of loan disbursement shall become eligible. In case the application is submitted after one year from the date of disbursement of first installment, the incentive period and eligible amount shall be reduced proportionately from the date of first disbursement to the date of application. Thus the interest subsidy would not be eligible from the date of first disbursement of loan to date of application.
- d. This Scheme will be supplementary to the Government of India Scheme.

1.4 Conditions:-

- (a) The Unit shall observe pollution Control measures as prescribed by GPCB or other competent authority.
- (b) Unit shall remain in production for 5 years from the date of commercial production.
- (c) Unit shall have to furnish information regarding production, employment etc. whenever asked by the Government.
- (d) Sick units shall not get benefits under this category.
- (e) If the unit defaults in paying any Government dues, it shall not be eligible for assistance under this scheme.
- (f) Interest subsidy shall not be available for penal interest or other charges.

