

**MICRO, SMALL & MEDIUM  
ENTERPRISES (MSME)  
&  
UNDERLYING BENEFITS & VARIOUS  
INCENTIVE SCHEMES**

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# Legal Framework

- ▶ The Small and Medium Enterprises Development Bill 2005 which was enacted in June 2006 was renamed as “Micro, Small & Medium Enterprises Development Act, 2006” aims at facilitating the promotion and development of small and medium enterprises.
- ▶ MSMEs are governed by Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act, 2006 – hereafter referred as “Act”) which came into force w.e.f. 02.10.2006.

## **Salient Feature of the Act:**

- Setting up of a National Board for MSME's
- Classification of Enterprises
- Advisory committees to support MSME's
- Measures for promotion development and enhancement of MSME's
- Schemes to control delayed payments to MSME's
- Enactment of rules by State Governments to implement the MSME's Act, 2006 in their respective states.

## **Enterprise :**

An Industrial undertaking or a business concern or any other establishment, by whatever name called

- engaged in manufacture or production of goods,
- or engaged in providing or rendering of any service or services .

Thus broadly MSME are classified in two categories:

### **Manufacturing Enterprises:**

The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951)9 or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use.

### **Service Enterprises:**

The enterprises engaged in providing or rendering of service.

## Old MSME Classification

<b>Criteria: Investment in Plant Machinery or Equipment</b>			
<b>Classification</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>
<b>Mfg. Enterprises</b>	Investment < Rs.25 Lakhs	Investment < Rs.5 Crores	Investment < Rs.10 Crores
<b>Service Enterprise</b>	Investment < Rs.10 Lakhs	Investment < Rs.2 Crores	Investment < Rs.5 Crores

## Revised MSME Classification w.e.f 01.07.2020

<b>Criteria: Investment &amp; Annual Turnover</b>			
<b>Classification</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>
<b>Mfg. &amp; Service Enterprises</b>	Investment < Rs.1 Crore & Turnover < 5 Crore	Investment < Rs.10 Crore & Turnover < 50 Crore	Investment < Rs.50 Crore & Turnover < 250 Crore

**Note:** The turnover with respect to exports will not be counted in the limits of turnover for any category of MSME units whether micro, small or medium.

# BENEFITS OF REGISTRATION AS MSME

1. **Collateral free credit:** Under CGTMSE (Credit Guarantee Funds Trust for Micro and Small Enterprises) scheme, MSME's can avail maximum collateral free credit (Fund based / non fund based – LC, BG etc) upto of Rs. 200 Lacss from Eligible Institutions.
2. **Protection against delay in payment:** It has been clearly spelled in the act that the buyer has to make payment to MSME seller for the goods/services within the time period mentioned in the written agreement which, in no case, shall exceed 45 days from date of acceptance or date of deemed acceptance.
3. **Trade Receivables Discounting System (TReDS):** TReDS is an electronic platform for facilitating the financing / discounting of trade receivables of Micro, Small and Medium Enterprises (MSMEs) through multiple financiers.



**4. Interest Equalization Scheme:** Under the “Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit”, the Interest Equalization @ 5% per annum is available to all MSME exporters across all their merchandise exports. This scheme have be en extended till 31/03/2021.

**5. Credit Facilitation Through Bank:** NSIC has entered into a Memorandum of Understanding with various Nationalized and Private Sector Banks. Through association with these banks, NSIC arranges for credit support (fund or non fund based limits) from banks for the MSMEs.

**6. Technology Upgradation support:** Credit Linked Capital Subsidy Scheme (CLCSS) for technology upgradation, provides an upfront capital subsidy for upgrading technology for new or existing Micro, Small and Medium Enterprises (MSMEs). The scheme provides upfront capital subsidy of 15 per cent (on institutional finance of upto Rs 1 crore availed by them) to MSMEs.

- 7. Reimbursement of certification fees for acquiring ISO standards:** The scheme envisages reimbursement of charges incurred for acquisition of ISO-9000/ISO-14001/HACCP certification to the extent of 75% of expenditure, subject to a maximum of Rs.75,000/- in each case.
- 8. Credit rating support:** Under this scheme (as per the turnover of the MSE) a percent of Rating Agency charges are reimbursed by Ministry of SSI through NSIC. The fee to be paid to the rating agencies shall be based on the turnover of the MSEs which has been categorized into three slabs. Maximum limit under this is Rs. 40,000
- 9. Energy Conservation support:** Under this scheme, enterprises having MSME Registration can avail a concession in electricity bills by making an application to Electricity board along with MSME Registration Certificate.



- 10. Priority Sector Lending (PSL):** Banks, by virtue of the directions issued by the Reserve Bank of India, have certain earmarked funds that have to mandatorily be given to MSMEs (at present 7.5 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure (CEOBSE)).
- 11. Marketing Support/Assistance to MSMEs (Bar Code):** Under this scheme, the Ministry of MSME will reimburse 75% of the one-time registration fees for bar coding and 75% of the annual renewal fees incurred for the first three years.
- 12. Raw Material Assistance Scheme:** Under this scheme, Manufacturing MSME having Udyog Aadhaar Memorandum (UAM) gets finance assistance for procurement of Raw Material (both indigenous & imported) upto 90 Days.

**13. Single Point Registration Scheme:** The Government is the single largest buyer of a variety of goods. With a view to increase the share of purchases from the small-scale sector, it is mandatory to purchase a Minimum specific percentage from MSME vendors.

- Issue of tender sets free of cost
- Exemption from payment of Earnest Money
- Advantage in Tender Participation and Procurement from MSES.

**14.** All new industrial units in public IT parks are exempted from payment of stamp duty and registration fees.

# Purpose of the Schemes

- Adequate flow of credit from financial institutions/banks
- Support for technology upgradation and modernization
- Integrated infrastructural facilities
- Modern testing facilities and quality certification
- Access to modern management practices
- Entrepreneurship development and skill upgradation through appropriate training facilities
- Support for product development, design intervention and packaging
- Welfare of artisans and workers
- Assistance for better access to domestic and export markets
- Cluster-wise measures to promote capacity-building and empowerment of the units and their collectives

# Recent Policy Initiatives

- Ease of Registration Process of MSMEs- Udyam Registration

- MyMSME

- Direct Benefit Transfer in the M/o MSME

- Grievance Monitoring

- **MSME SAMADHAAN: To Address Delayed Payment to MSEs**

Deal with the issues relating to the Delayed Payments to Micro and Small Enterprises (MSEs) by the buyers to the MSE supplier

- **MSME-SAMBANDH**

Public Procurement Policy for Micro and Small Enterprises which mandates 20% of annual procurement from MSEs including 4% from enterprises owned by SC/ST entrepreneurs by the Central Ministries / Departments and Central Public Sector Enterprises (CPSEs).

# **MINISTRY : MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES SCHEMES**

## **Division : SME Division Schemes**

**Related scheme : Assistance to Training Institutions (ATI)**

### **Scheme Activity:**

To training institutions in the form of **capital grant** for creation/strengthening of **infrastructure and support for conducting entrepreneurship development and skill development** training programmes.

### **Nature of assistance**

Maximum assistance for creation or strengthening of infrastructure will be Rs.150 lakh on matching basis, not exceeding 50% of project cost. However, for the North-Eastern Region (including Sikkim), Andaman & Nicobar and Lakshadweep, maximum assistance on matching basis would be Rs.270 lakh or 90% of project cost, whichever is less.

### **Who can apply**

Any State/Union Territory Government training institutions, NGOs and other development agencies can apply for assistance for creation or strengthening of infrastructure.

# **MINISTRY : MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES SCHEMES**

Division : SME Division Schemes

## **Related scheme : Marketing Assistance**

### **Scheme Activity:**

- Organising exhibitions abroad and participation in international exhibitions/ trade fairs
- Co-sponsoring of exhibitions organised by other organisations/industry associations/ agencies
- Organising buyer-seller meets, intensive campaigns and marketing promotion events

### **Nature of assistance**

- 95% of the air-fare and space rent for entrepreneurs; assistance is provided on the basis of size and type of the enterprise
- Financial assistance for co-sponsoring would be limited to 40% of the net expenditure, subject to a maximum amount of Rs.5 lakh

### **Who can apply**

- MSMEs, Industry Associations and other organisations related to MSME sector



# **MINISTRY : MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES SCHEMES**

Division : Development Commissioner (DC-MSME) Schemes

**Related scheme : Credit Guarantee ( CGTMSE)**

## **Scheme Activity:**

Ministry of MSME, GOI, SIDBI established a **Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises** (CGTMSE) to implement Credit Guarantee Fund Scheme for Micro and Small Enterprises. The corpus of CGTMSE is being contributed by GoI and SIDBI.

## **Nature of assistance**

Collateral free loans up to a limit of Rs.200 lakhs for MSEs

## **Who can apply**

Both existing and new enterprises are eligible

## **How to Apply**

Eligibility criteria may approach banks/financial institutions, which are eligible under the scheme, or scheduled commercial banks and select Regional Rural Banks.

# MINISTRY : MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES SCHEMES

Division : Development Commissioner (DC-MSME) Schemes

## Related scheme : Credit Linked Capital Subsidy (CLCS) for Technology Upgradation

### Scheme Activity:

Technology upgradation - present technology level to a substantially higher one involving improved productivity

1. improved packaging techniques
2. anti-pollution measures
3. energy conservation machinery

Replacement of existing equipment/technology with same equipment/technology will not qualify for subsidy under this scheme

### Nature of assistance

- ▶ 15% upfront capital subsidy to MSEs, including tiny, khadi, village and coir industrial units, on institutional finance
- ▶ Ceiling on loans under the scheme has been raised from Rs.40 lakh to Rs.1 crore
- ▶ Capital subsidy is calculated with purchase price of plant and machinery, instead of term loan disbursed to the beneficiary unit.

### **Who can apply**

Sole proprietorships, partnerships, co-operative societies, and private and public limited companies in the MSE sector. Priority shall be given to women entrepreneurs

### **How to Apply**

Eligibility criteria may approach banks, scheduled cooperative bank, Regional Rural Bank (RRB), State Financial Corporations.

# MINISTRY : MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES SCHEMES

Division : Development Commissioner (DC-MSME) Schemes

## Related scheme : ISO 9000/ISO 14001 Certification

### Scheme Activity:

- SMEs/ancillary undertakings who have acquired ISO 9000/ISO 14001/HACCP certification. The scheme is enlarged so as to include reimbursement of expenses for acquiring ISO 14001 certification.

### Nature of assistance

- Reimbursement of charges for acquiring ISO-9000/ISO-14001/HACCP certification to the extent of 75% of expenditure subject to a **maximum of Rs.75,000** in each case.

### Who can apply

- MSME are eligible to avail the incentive scheme. The scheme is applicable to those MSEs/ancillary/SSSB units who have already acquired ISO-9000/ISO-14001/ HACCP certification.

### How to Apply

- Required to submit their application, duly completed, to their local Director- MSME-DI
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# **MINISTRY : MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES SCHEMES**

Division : Development Commissioner (DC-MSME) Schemes

**Related scheme :Entrepreneurial and Managerial Development of SMEs through Incubators**

## **Scheme Activity:**

- ▶ To provide early stage funding for nurturing innovative business ideas
- ▶ financial assistance is provided for setting up of business incubators.

## **Nature of assistance**

- ▶ Upgradation of infrastructure Rs. 2.50 lakh
- ▶ Orientation/training Rs. 1.28 lakh
- ▶ Administrative expenses Rs. 0.22 lakh
- ▶ Total assistance per BI - Rs. 66.50 lakh

## **How to apply**

- ▶ Any individual or MSME having innovative ideas ready for commercialisation can apply to the host institution (e.g., IITs, NITs, technical colleges, research institutes, etc.)

# MINISTRY : MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES SCHEMES

Division : ARI Division Schemes

Related scheme : Prime Minister's Employment Generation Programme (PMEGP)

## Scheme Activity:

National Level : Khadi and Village Industries Commission (KVIC)

State Level : KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks.

## Nature of assistance

- ▶ Maximum cost of the project/unit admissible in manufacturing sector is Rs.50 lakhs and in business/service sector is Rs.25 lakhs.
- ▶ Total project cost will be provided by the banks as term loan and working capital.

Area	Promoters Cont.	Urban (Subsidy)	Rural (Subsidy)
General category	10%	15%	25%
Special (SC/ST/ OBC/etc	05%	25%	35%

# MINISTRY : MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES SCHEMES

Division : ARI Division Schemes

Related scheme : Prime Minister's Employment Generation Programme (PMEGP)

## Who Can Apply

- ▶ above 18 years of age can apply.
- ▶ The beneficiary must have passed at least VIII standard for projects costing above Rs.10 lakh in the manufacturing sector, and above Rs.5 lakh in the business/service sector.
- ▶ **Only new projects** are considered for sanction under PMEGP.
- ▶ Institutions registered under Societies Registration Act, 1860; Production Co-operative Societies, and Charitable Trusts are also eligible
- ▶ Existing units (under PMRY, REGP or any other scheme of Government of India or State Government) and units that have already availed Government subsidy under any other scheme of Government of India or State Government are not eligible.

## How to apply

- ▶ The State/Divisional Directors of KVIC in consultation with KVIB and Director of Industries of the respective states (for DICs)



# MINISTRY : MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES SCHEMES

## Division : ARI Division Schemes

**Related scheme : Aspire (Scheme for promotion of Innovation, Entrepreneurship and Agro- Industry)**

### **Scheme Activity:**

- ▶ Create new jobs and reduce unemployment.
- ▶ Promote entrepreneurship culture in India
- ▶ Grassroots economic development at district level
- ▶ Facilitate innovative business solution for un-met social needs, and
- ▶ Promote innovation to further strengthen the competitiveness of MSME sector.

### **Nature of assistance**

- ▶ ***For Setting LBI's***, one-time grant of 100% of cost of Plant & Machinery other than the land and infrastructure or an amount upto Rs.100 lakhs whichever is less to be provided.
- ▶ ***In case of Incubation center to be set up under PPP mode***, Onetime grant of 50% of cost of Plant & Machinery other than the land and infrastructure or Rs.50.00 lakhs, whichever is less to be provided.

**MINISTRY : MINISTRY OF AGRICULTURE**  
**DIVISION : Enterprise Development Schemes**

**Schemes**

- ✓ **Marketing Research and Information Network - 100% grant**
- ✓ **Strengthening of Agmark Grading Facilities - 100% grant**
- ✓ **Development/Strengthening of Agricultural Marketing Infrastructure, Grading & Standardisation- 25% of capital cost**
- ✓ **Gramin Bhandaran Yojana( Now Agriculture Marketing Infrastructure): A Capital Investment Subsidy for Construction/ Renovation of Rural Godowns\_-**
- ✓ **Subsidy @ 25% to farmers, 15% of project cost to companies.**
- ✓ **Small Farmers' Agriculture-Business Consortium-Agriculture-Business Development - Financial assistance with a ceiling of Rs.5 lakh**
- ✓ **Assistance to NCDC Programmes for Development of Cooperatives**
- ✓ **Establishment of Agri-Clinics and Agri- Business Centres - 100% funding by Govt of India**

**MINISTRY : MINISTRY OF AGRICULTURE**  
**DIVISION : Enterprise Development Schemes-AMI**

9.1.1 Capital cost of the project for the purpose of subsidy will be calculated on the project cost as appraised by financial institution or actual cost of eligible components as certified by a Chartered Accountant, whichever is lower subject to the subsidy ceiling per MT as well as overall ceiling given below:

Category	Rate of Subsidy (on capital cost)	Subsidy ceiling		
		50- 1000 MT in Rs./MT	<b>More than 1000 MT and up to 10,000</b> (in Rs./MT)	Maximum ceiling (Rs. Lakhs)
A) North Eastern States, Sikkim, UTs of Andaman & Nicobar and Lakshadweep Islands, hilly* areas	33.33%	1333.20	1333.20	133.20
B) In other Areas				
1. For Registered FPOs, Panchayats, Women, Scheduled Caste (SC)/ Scheduled Tribe (ST) entrepreneurs or their cooperatives**/ Self-help groups	33.33%	1166.55	1000.00	100.00
2. For all Other categories of beneficiaries	25%	875/-	750/-	75.00

# **MINISTRY : MINISTRY OF AGRICULTURE**

**DIVISION : National Horticulture Board/ Development of Commercial Horticulture**

## **Schemes**

**Horticulture in Open Field - subsidy @ 40% of project cost with Rs.30 lakh ceiling**

**Horticulture in Protected Cover - Credit linked back-ended subsidy @ 50% of cost limited to Rs.56 lakh per project**

**Horticulture for Post- Harvest Management Projects - Credit linked back-ended subsidy @ 35% of cost with a ceiling of Rs.72.50 lakh**

**Cold Storage Unit - Basic Mezzanine Structure - Credit linked back-ended subsidy @ 35% of project cost**

**Cold Storage Unit - PEB Structure - Credit linked back ended subsidy @ 35% of project cost**

**Cold Storage Unit using Technology for Controlled Atmosphere - Credit linked back-ended subsidy @ 35% of project cost**

**Cold Chain - Credit linked back-ended subsidy @ 35% of project cost with a maximum of Rs.500 lakh**

**Refrigerated Transport Vehicles - Credit linked back-ended subsidy @ 35% of the cost**

**Dairy Entrepreneurship Development -Back ended capital subsidy with ceiling: 25% Cold storage: Rs.30 lakh**

# MINISTRY : MINISTRY OF COMMUNICATION AND INFORMATION TECHNOLOGY

## Schemes

**R&D Funding** - Grant to institutions, organisations for R&D, technical collaboration, etc

**Technology Incubation and Development of Entrepreneurs (TIDE) -**

- ▶ Financial and policy support for setting up/strengthening technology incubation centres leading to indigenous products and packages in ICT sector
- ▶ Grant-in-aid of up to Rs.155 lakh, payable in instalments

**Multiplier Grants (MG)**

- ▶ To industries and consortia for developing R&D that can be commercialised in collaboration with institutions
- ▶ Grant for projects of less than 2 years duration, with a limit of Rs.2 crore

**Support to International Patent Protection in Electronics and IT (SIP-EIT)**

- ▶ Financial support to technology start-up units for filing international patents
- ▶ 50% of total patent cost by reimbursement, with Rs.15 lakh limit

# MINISTRY : MINISTRY OF COMMUNICATION AND INFORMATION TECHNOLOGY

## e-Governance

Common Services Centre

Capacity Building Centres (CSC)

State Data Centre

State Wide Area Network

## Software Technology Parks of India (STPI)

To promote software exports

## Special Economic Zone (SEZ)

To create world class infrastructure, utilities and services for globally oriented businesses and for export promotion

## Electronics Hardware Technology Park (EHTP)

100% FDI, duty-free imports, 100% tax exemption, etc.



# MINISTRY : MINISTRY OF COMMUNICATION AND INFORMATION TECHNOLOGY

## Export Promotion of Capital Goods (EPCG)

- ▶ Zero duty to electronic products exporters, concessional 3% on import of capital goods, including pre- & post-production, and software systems

## Duty Exemption and Remission

- ▶ To enable duty-free import of inputs needed for export production

## Deemed Exports

- ▶ Payment for goods received in Indian Rupee or in free foreign exchange

## Manpower Development for Export Industry

- ▶ To create high standard mentors, faculty, skilled graduates as also course material through virtualisation of technical education, ToTs, etc.

# **MINISTRY : MINISTRY OF FINANCE SCHEMES**

Related scheme : Pradhan Mantri Mudra Yojana

## **Schemes**

- ▶ Micro Units Development Refinance Agency (MUDRA)
- ▶ Refinance for lending to micro businesses and units.

## **Nature of assistance**

**Shishu** : covering loans up to Rs. 50,000/-

**Kishor** : covering loans above Rs. 50,000/- and upto Rs. 5 lakh

**Tarun** : covering loans above Rs. 5 lakh and upto Rs. 10 lakh

## **Who can apply**

All Small Business

# **MINISTRY : MINISTRY OF FINANCE SCHEMES / SIDBI Schemes**

**Related scheme : Growth Capital and Equity Assistance**

## **Schemes**

Providing capital to MSMEs to invest in marketing, brand building, creation of distribution network, know-how, R&D, etc.

## **Nature of assistance**

Assistance in the form of mezzanine/ convertible instruments, subordinated debt and equity

## **Who can apply**

MSMEs

## **How to apply**

Online enquiry

## **MINISTRY : MINISTRY OF FINANCE SCHEMES / SIDBI Schemes**

**Related scheme : Refinance for Textile Industry under Technology Upgradation Fund (RTUF)**

### **Schemes**

Installation of machinery in a new unit, or replacing the existing machinery, or for expansion

### **Nature of assistance**

Re-financing

### **Who can apply**

Textile industries

### **How to apply**

Apply to SFCs/SIDCs/banks

# MINISTRY OF FINANCE SCHEMES / SIDBI Schemes

Related scheme : Single Window

## Schemes

Provides term loans for fixed assets and loan for working capital

## Nature of assistance

Loans for fixed assets and working capital

## Who can apply

New projects in MSE sector

## How to apply

Apply to SFCs/SIDCs/banks

# MINISTRY OF FINANCE SCHEMES / SIDBI Schemes

## Related scheme : Bills Re-discounting Equipment

### Schemes

Deferred payment for setting up of new MSME units, for expansion, diversification, modernisation, replacement, addition of balancing equipment, etc.

### Nature of assistance

Usance of bills; normally 2-5 years

### Who can apply

Manufacturer - sellers / purchaser - users of indigenous machinery / capital equipment, one of whom should be in the small scale sector

### How to apply

In the prescribed proforma issued by SIDBI



# **MINISTRY : MINISTRY OF FOOD PROCESSING INDUSTRIES**

Related scheme : Mega Food Park

## **Schemes**

Mechanism to link agricultural production and market to maximise value addition, enhance farmers' income, create rural employment

## **Nature of assistance**

One-time capital grant of 50% of project cost with a limit of Rs.50 crore

## **Who can apply**

Farmers, farmers groups, SHGs

## **How to apply**

Director, MoFPI

# **Capital Investment subsidy scheme for construction/expansion/ modernization of cold storage and storages for Horticulture Produce**

## **Capacity and Pattern of Assistance: -**

The assistance will be given as subsidy @ 35% of the capital cost of project in general areas and 50% in case of NE, Hilly States & Scheduled Areas for a storage capacity above 5000 MT up to 10000 MT. In case of North East states, projects with a capacity of 1000 MT or above are also eligible for application and consideration.

## **Calculation of Capacity for subsidy:-**

For calculation of capacity, 3.4 cubic meters (cum.) (120 cubic feet (cft.) of chamber volume shall be considered equivalent to 1 MT storage capacity.

## Capital Investment subsidy scheme for construction/expansion/ modernization of cold storage and storages for Horticulture Produce

SN	Description	Cost Norms
1	Cold storage units Type 1 - basic mezzanine structure with large chamber (of > 250 MT) type with single temperature zone.	<ul style="list-style-type: none"> <li>• @ Rs. 8000/ MT for capacity upto 5000 MT.</li> <li>• @ Rs. 7600/ MT for capacity between 5001 to 6500 MT.</li> <li>• @ Rs. 7200/MT for capacity between 6501 to 8000 MT.</li> <li>• @ Rs. 6800/MT for capacity between 8001 to 10000 MT.</li> </ul>
2	Cold storage units Type 2 – Pre Engineering Building (PEB) Type for multiple temperature and product use , more than 6 chambers of <250 MT) and basic material handling equipment	<ul style="list-style-type: none"> <li>• @ Rs.10000/ MT for capacity upto 5000 MT.</li> <li>• @ Rs. 9500/ MT for capacity between 5001 to 6500 MT.</li> <li>• @ Rs. 9000/MT for capacity between 6501 to 8000 MT.</li> <li>• @ Rs. 8500/MT for capacity between 8001 to 10000 MT.</li> </ul>
3	Cold Storage Units Type 2 with add on technology for Controlled Atmosphere.	Additional Rs. 10,000/MT for add on components of controlled atmosphere technology as per component wise cost.

# **Maharashtra Industrial Policy & Package Scheme of Incentives 2019**

**CA JULFESH SHAH**

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Former Chairman, Nagpur Branch of WIRC of ICAI.

# 1. APPLICABILITY OF PSI-2019

## Period of Operation of PSI-2019

The PSI - 2019, as may be amended by the Government from time to time, shall remain in operation from the 1st April 2019 up to 31st March, 2024 or till the new Package Scheme of Incentives comes into force.



## Coverage under the PSI -2019

The following categories of Eligible Industrial Units in the Private Sector, Cooperative Sector, State Public Sector / Joint Sector shall be eligible to be considered for incentives under the PSI- 2019

- i) Industries listed in the First Schedule of the Industries.
- ii) Manufacturing Enterprises as defined in the MSMED Act, 2006.
- iii) Information Technology Manufacturing Units registered with the Directorate of Industries or the MIDC or the Development Commissioner, Santa Cruz Electronic Export Processing Zone (SEEPZ) or Software Technology Parks of India (STPI) in the State.



## Coverage under the PSI -2019

iv) Bio-technology Manufacturing Units as specified by the Government from time to time.

v) Mechanized, Food / Agro Processing Industries in the following sectors:

Dairy, Fruit and Vegetable Processing.

Grain Processing.

Fish / Meat / Poultry Processing.

Consumer foods including Packed foods.

Nonalcoholic beverages from fruits and vegetables

(Note: Only secondary and tertiary agro and food processing units shall be eligible for incentives. This condition will not be applicable to processing / manufacturing units set up by Farmer's Producer Companies and the units set up in government assisted Food Parks and carrying out primary processing activity also).

## Note:

1. The units manufacturing the following products shall not be eligible for incentives under PSI - 2019 :
  - (a) Beer, liquor manufacturing industries
  - (b) Cigarette, bidi or any other tobacco containing products, manufacturing industries
  - (c) Gutka and pan masala manufacturing industries.
  - (d) Any other product(s) banned by Central / State Government.
  
2. Units manufacturing all types of textiles including cotton ginning and pressing, sizing, spinning, weaving, bleaching, dyeing, mercerizing etc. covered under the Textile Policy - 2018 - 23 of Maharashtra State shall be eligible only for incentives other than those offered by the other State Government Agencies.

## District wise Classification of Areas for PSI-2019

- (i) **Group A** : Denotes industrially developed areas
- (ii) **Group B**: Denotes areas where some industrial development has taken place, but are less developed than the areas under Group A.
- (iii) **Group C**: Denotes areas, which are less developed than those covered under Group B.
- (iv) **Group D**: Denotes the lesser-developed areas of the State, not covered under Group A/ Group B/ Group C.
- (v) **Group D+**: Denotes the least developed areas, not covered under Group A/ Group B/ Group C/ Group D.
- (vi) **No Industry District**: Denotes District having no industries viz Hingoli and Gadchiroli.
- (vii) **Naxalism Affected Area**: Denotes area affected by naxalism,
- (viii) **Aspirational Districts**: defined by Government of India viz. Washim, Gadchiroli, Osmanabad and Nandurbar.

## Classification of Areas for PSI-2019

District	Group A	Group B	Group C	Group D	Group D+
PUNE	Pune City Maval Haveli Bhor Daund Shirur Khed Mulshi Purandar Velhe		Shirur Daund Bhor Khed Indapur Baramati Purandar	Ambegaon Junnar	Velhe

# Micro, Small & Medium Manufacturing Enterprises (MSMEs) and Small Industries

- ▶ MSMEs shall be construed as per their definition in the Micro, Small and Medium Enterprises Development Act, 2006. (MSMED Act, 2006) published vide GoI's extraordinary gazette dated 30th September, 2006
- ▶ Units outside the definition of MSMEs published vide GoI's extraordinary gazette dated 30th September, 2006, with total Gross Fixed Capital Investment (FCI) upto Rs. 50 crores.

# FINANCIAL INCENTIVES FOR MSMEs.

- ▶ New MSME Units and Small Industries will be eligible for a basket of incentives.
- ▶ The total quantum of incentives will be linked upto the percentage actual eligible Fixed Capital Investment as per the Taluka category mentioned in table below
- ▶ The incentives will be granted to the units on first-cum-first serve basis.



# FINANCIAL INCENTIVES FOR MSMEs.

## Basket of Incentives for MSMEs

Taluka / Area Classification	Maximum Permissible Fixed Capital Investment (INR crore)	Maximum Ceiling of basket of incentives as % of FCI	Eligibility Period (Years)
A	For the purpose of this policy, MSME shall include units as per the MSMED Act, 2006, as well as the units with FCI of upto INR 50 crore	--	-
B		30%	7
C		40%	7
D		50%	10
D+		60%	10
Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule		80%	10
No Industry Districts, Naxalism Affected Areas* and Aspirational Districts**		100%	10

*\*Naxalism affected areas as per Government Resolution No.: PSI -2013/ (CR- 54 ) /IND-8 Dated 1st April 2013 issued by Government of Maharashtra Industries, Energy and Labour Department.*

*\*\* Aspirational Districts are Osmanabad, Gadchiroli, Washim and Nandurbar*

# WOMEN ENTREPRENEUR



**7 REASONS WHY WOMEN ARE BETTER**

**ENTREPRENEURS THAN MEN**

1

• MORE HONEST

2

• APPRECIATE CREATIVITY

3

• VALUE RELATIONS

4

• LESS EGO IN BUSINESS

5

• EMOTIONALLY INTELLIGENT

6

• CALCULATED RISK TAKER

7

• MORE AMBITIOUS

**Maharashtra Woman Industrial**  
**Special Policy-2017**



# Introduction of Policy

- Comes into force as per the Notification No. 15/8 Dated 14<sup>th</sup> Dec,2017
- Policy aims to promote Woman Entrepreneurship in Maharashtra State
- To change the Economical & Social status of Woman Entrepreneurs
- Units run by Woman Entrepreneurs in Maharashtra :
  - Present Scenario - 9% of total Units
  - Target by Govt. - 20% of total Units
- With the above mentioned background the Special Woman Policy comes into force



# Definition of Women Entrepreneurship

Sr. No.	Particulars	Conditions
1	Sole Proprietors	Proprietor's Equity - 100%
2	Partnership Firms	Partners' Equity - 100%
3	Co-operative Sector	Women Members - 100%
4	Private or Public Ltd. Co.	Share Capital - 100% owned by Woman Shareholders
5	Self Helped Saving Groups	Registered Units & fulfills conditions of (3) and (4) above

**Special Note : The Categories as mentioned above from (1) to (5) employs minimum 50% of Women Employees will be eligible under this Scheme**



Micro, Small and Medium Units under MSMED Act 2006 having Udyog Aadhar & Completed Effective steps mentioned in PSI-13 will be considered for the benefits of the Special Woman Scheme

Sr. No.	Type of Unit	Investment in Plant & Machinery
1	Micro	Upto 25 Lakhs
2	Small	25 Lakhs to 5 Crs
3	Medium	5 to 10 Crs





Effective Steps Shall mean and include :

- Effective possession of land/shed/gala by an eligible unit.
- Registration in case of Firm/Company/Trust/Society/Co.Op Society
- Enterprises memorandum(EM)/Letter of intent(LOI)/LOI from GOI/permission from State Govt. for setting up/ Shifting of the unit

## Modalities of Special Woman Entrepreneurs Policy

- ▶ Special Incentive Scheme : All conditions pertaining to PSI-13 will be applicable
  
- ▶ Benefits in addition to Basket of Incentives 2013:
  - a. Units falling under Category A & B Areas will be given incentives as per Category C Areas
  - b. Units falling under Category C & D Areas will be given incentives as per Category D+ Areas
  - c. Units falling under D+ & no Industry district will get benefit as per Category Naxalism Affected Areas\*

*\*Naxalism affected areas as per Govt. Resolution No.: PSI-2013/(CR-54)/IND-8 Dt. 1<sup>st</sup> April 2013 issued by Govt. of Maharashtra Industries, Energy and Labour Development*

# Capital Subsidy (New + Expansion)

- Eligible Micro, Small & Medium Units as per area classification can avail Capital Subsidy ranging from 15% to 35% of Fixed Capital Investment (FCI)
- Capital Subsidy will be ranging from Rs. 20 Lakhs to 100 Lakhs & will be disbursed in 5 yrs. in equal installments starting from the yr. from where the commercial production starts

Sr. No.	Taluka / Area (as per PSI-2013)	Capital Subsidy (% of FCI)	Maximum Limit in Lakhs
1	A & B	15%	20
2	C	15%	20
3	D	20%	25
4	D+	25%	50
5	No Industry districts & Naxalism Affected Areas	35%	100

## **Other Incentives under the Special Policy**

### **Power Tariff Subsidy (New + Expansion)**

- @ Rs.2/unit – Units located at Vidarbha, Marathwada, North Maharashtra, Konkan, Ratnagiri and Sindhudurg Districts for the period of 5 Yrs
- @ Rs.1/unit – Units located in other Districts of Maharashtra for the period of 5 Yrs

### **Interest Subsidy (New + Expansion)**

- Interest paid on Term Loan availed from Banks and PFIs is Eligible
- The interest subsidy is restricted to effective rate of interest charged and paid or 5% per annum whichever is less.
- Maximum Cap on Interest Subsidy – Twice the amount of Electricity Bill paid during the year

### **Labour Welfare Sahay (New + Expansion)**

Women Employee Provident Fund/ State Labour Welfare Scheme – Employer’s Contribution will be refunded back 50% (for a period of 5 Yrs)

### **Scheme for Growth of Marketing & Distribution (New + Expansion)**

Promotion of Trade Name and Trade Mark:

Quantum of Subsidy – 50% of the Expenditure incurred restricted to max. Rs.100 Lakhs  
(Mentioned in the policy but not found in GR issued on 17.05.2018)

#### **Incentive for Participating in Exhibitions:**

Sr. No.	Participation In	Quantum of Subsidy
1	State Level Exhibition	Rs.50,000/- or 75% of the Stall Rent which ever is less
2	International Exhibition	Upto maximum of Rs. 3 Lakhs
3	Special Woman Entrepreneurs Exhibition	50% of the Expenses incurred restricted to max Rs.10 Lakhs

जीवन के रास्ते हमेशा गुलज़ार रहे,  
चेहरे पे आपके सदैव मुस्कान रहे,  
देते है यही दुआ दिल से हमेशा आपको,  
आपकी ज़िंदगी मे सदा खुशियों  
की बहार रहे!!



***CA JULFESH SHAH***