



ASIAN CENTRE FOR  
ECONOMIC & ENTREPRENEURSHIP  
DEVELOPMENT AND EDUCATION  
AN INDIA SME FORUM INITIATIVE

# Best Practices Followed by Indian States for MSMEs



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# Best Practices followed by Andhra Pradesh State for MSMEs

## INTRODUCTION

Andhra Pradesh is 5th in terms of number of MSMEs enterprises in the country. There are 25.96 lakh MSMEs in AP. It has provided employment to 70.69 lakh employees in the state. There are incubation centres set up to support startups to create a conducive eco-system for the sector. MSME park to be established in each district up to 25 acres with infrastructural facilities in each district. MSME facilitation desk to be constituted to provide one-stop solution to all MSME related queries/grievances. AP is 1st in EODB by the World Bank.

There are also Fiscal Incentives taken by Government of AP to facilitate MSMEs. 100% reimbursement on Stamp-Duty within 6 months on certain purchase or lease of land for industrial use. 100% reimbursement on net VAT/CST/SGST for a period of 5 years on commercial production for micro and small industries. 75 % reimbursement for a 7-year period for medium industries and other benefits. The State will ensure 24x7 quality and reliable power across the State. In addition, fixed power cost reimbursement is also being proposed. Investment subsidy on fixed capital investment for micro and small enterprises up to INR 20 lakhs. Seed capital assistance to First Generation Entrepreneurs to set-up Micro Enterprises at 10% of the Machinery cost. Training by the state on specific skill sets required by the industry. GoAP will reimburse costs involved in skill upgradation and training the local manpower limited up to a certain amount. GoAP shall reserve lands for MSME in industrial parks in general and specifically for women in addition to reimbursements and rebate on the land related expenses.

The Government of Andhra Pradesh intends to provide the best-in-class infrastructure, zero hassle set up, skilled labor and end to end handholding support to units to provide an industry-friendly environment at par with international standards. In addition, the focus of the Government is to reduce risk of doing business to the extent possible. In line with this, one of the key highlights of this policy is the proposal to setup a multi-faceted business enablement centre. “YSR AP One” will be a one stop shop offering business support service.

## OBJECTIVES

- I. To create employment for the youth of the state
- II. To match the national average in industrial GVA per capita
- III. To plan balanced growth across regions and communities
- IV. To achieve environmentally sustainable growth

## Guiding Principles of Industrial Policy 2020-23

1	Equal focus on both existing units & prospective investors	The policy lays significant focus on supporting existing units scale up & address the issues they face in addition to making state attractive to prospective investors
2	Ensure that the key unlocks for focus sectors	The policy factors in all key interventions

	are factors for interventions	required to unlock the potential of the thrust sectors in Andhra Pradesh Detailed sector specific initiatives are incorporated into the policy
3	Focus on asset creation in both infrastructure & skill pool development	The focus of the policy is on asset creation-providing ready built pre-cleared facilities & skill development centres which can serve as base for growth of state.
4	Reduce upfront cost & time of setup	The policy focuses on reducing cost & time to setup, by laying emphasis on making available ready built facilities at lower upfront cost.
5	Focus on de-risking business through end-to-end hand holding support	The policy emphasizes on supporting units across the entire value chain. To this end, the policy to include interventions to support units address issues across strategy, financing, marketing, operation improvement, etc.
6	Special support for socio-economic progress of SC/ST/BC & Minority Communities especially women	The policy to lay special importance to encourage increased participation of SC/ST/BC & Minority Communities especially women.

## STRATEGIES ADOPTED

- I. Infrastructure: Pre-cleared ready built facility with flexible payment options. It reduces upfront cost & time of set up.
- II. Ease of Doing Business: Setup mechanism to ensure on-ground implementation of deemed approval. It also minimizes the risk of doing business
- III. Skilling & Labour availability: Create pipeline of skilled labour tailored to the needs of the industry. It also plans to develop top class talent in AP through international collaboration.
- IV. End to end hand holding: One stop shop to be set up to help units with all aspects of operations, strategy, marketing & sales.
- V. Incentives: Incentives & package for MSEs & SC/ST/BC & Minority communities especially women.

### Infrastructure

1. To allot industrial plots, only post complete pre-clearance and zoning, in order to facilitate fast set up & risk free operations
2. To develop MSME Parks
3. To offer Plug & Play facility including ready built factory shell & all basic facilities in MSME parks, as per requirement.

4. To develop mega industrial parks with common facilities tuned to the needs of target segments.
5. To ensure availability of basic facilities at industrial parks
6. To constitute Industrial Water Special Purpose Vehicles, whenever required, to bring water to the door step.
7. To set up incubation centres to encourage start ups in hi-tech industries.
8. To replace existing lease & buy option in APIIC land policy with “Lease+Buy model” with low upfront payment & option to buy land post 10 years of successful operation.
9. To develop all industrial parks in an environmentally sustainable manner. Facilities to be made cyclone-proof in areas of risk.

#### Ease of Doing Business

1. To provide end to end deemed approval to all green category MSMEs in notified industrial parks with a condition to formalise all the approvals within 3 years.
2. To make Single Desk Portal (SDP) robust by addressing identified issues.
3. To approve Central helpline for seamless on-ground implementation of the approval.
4. To conduct regular district level industrial meetings under Dist. Collector to settle pending approvals & grievances.
5. To conduct regular State Level Bankers Committee (Industrial sub-committee) to address issues with loan disbursements

#### Skilling & Labour Availability

1. To set up 30 skill development centres & 2 skill development universities.
  - a) Curriculum to be developed on industry needs
  - b) High end skill university to focus on cutting edge analytics & industry 4.0 (smart manufacturing using IoT, predictive maintenance)
2. To institute global immersion programs for top talent in the state in topics high-tech electronics, biotechnology, high-end leather & textile design, Petrochemicals & food technology.
3. To develop a digital platform to match skilled labour in Andhra Pradesh with the requirements of businesses.

#### End to End hand holding of Entrepreneurs (YSR AP One)

1. To integrate services from multiple state agencies under a multi-faceted business enablement centre “YSR AP One” which acts as one stop resource and support centre for industries.

#### Incentives

1. Offer adequate incentives to Micro & Small Enterprises
2. To reimburse CGST for 5 years (capped to FCI) for Medium, Large & Mega industries linked to employment creation.

#### Measures for Special Categories

1. To offer special incentives for Women entrepreneurs belonging to SC/ST/BC and Minorities communities.
2. To reserve 16.2% and 6% of plots in the APIIC parks for ST & SC Entrepreneurs respectively.

3. To set up a dedicated cell under “YSR AP One” for handholding SC/ST/BC and Minorities category entrepreneurs.

## BEST PRACTICES FOR MSMEs

GoAP recognizes the utmost importance of the following for any new or existing investor for their success

- Handholding during pre-establishment & setup of the unit.
- Providing efficient post setup support
- Ensuring backward & forward linkages
- Accessing markets & new technologies among others

There are 10 services to ensure that investors are set up for path for success

1. **Entrepreneur Facilitation Cell** to maintain a repository of business models & plans & support aspiring entrepreneurs in the state with knowledge support to start new ventures.
2. **Market Research Cell** to undertake market research, develop sector wise resource repository of market updates & new developments.
3. **Marketing & Branding Cell** to support businesses in marketing their product locally & globally. This cell also builds & promotes state specific brands (Eg Guntur Chilly)
4. **Sales Support Cell** to connect units in state with potential buyers. This cell will operate as key Account Managers (KAM) for various exporters, distributors & retailers both in the country & across the world.
5. **MSME Revitalization Cell** to pro-actively assess MSMEs and revive and reposition sick MSMEs. It also provides seed capital fund for MSMEs.
6. **Business Enablement Cell** supports businesses in getting all approvals & addressing all grievances that may rise post set up
7. **Scheme Support Cell** to support units in state in availing central & state government schemes
8. **Investor Reach-Out Cell** with priority sector & geography desks for focus investor reach out.
9. **Inventive Management Cell** to access unit performance, estimate incentives \*& ensure timely disbursement of incentive
10. **Special Category Cell** to handhold SC/ST/BC and Minorities category entrepreneurs throughout the lifecycle

The existing institutions under the Department of Industries - APEDB, APTPC, APIIC, APIDC & MSME Corporation to be modified and restructured appropriately to incorporate the above functionalities. Providing plots at industrial parks with all key facilities at an affordable price is one of the major priorities of the Government. The key focus for GoAP in infrastructure is to be the following:

- Providing Plug and play facilities to MSMEs across the state
- Developing mega industrial parks/clusters along the three major corridors.
- Pre-clearance of land parcels in line with state environment plan
- Providing land and plug and play facilities at affordable upfront price

## INFRASTRUCTURE

### Industrial Zoning and land Allotment

#### Planned intervention in industrial infrastructure through zoning

The GoAP has identified Industrial Zoning as key focus area to ensure a planned Industrial Development to provide a 'risk-free' investment-friendly environment for setting up and operating industries in State and also to decrease impact on the environment.

- a) All industrial land in the state will be environmentally zoned as per the Environment Management Plan (EMP) and type of industries permitted will be notified. APIIC will complete Environment Impact Assessment (EIA) for the notified industrial park before allotment of land. All necessary clearance to be completed before the allocation of industrial plots to Micro, Small & Medium Enterprises and Large industries.
- b) New MSMEs and Large industries will be promoted only in designated industrial parks/estates as per the EMP, duly permitting only those categories which are permissible, as far as possible.
- c) The Government through APIIC will endeavour to develop the following multi-sector or sector specific industrial parks in the notified industrial zones based on categories of industries permitted, raw material availability, market assessment, external infrastructure & connectivity and skills available.
  - i) The theme of MSME Parks to be tuned to local needs. This could include concepts like food parks, mini life science parks, sea food parks, etc.
  - ii) Plug and play facilities to be provided in MSME Parks based on need and requirement. All MSME Parks are proposed to have the following features:
    - Basic facilities like road, water and power
    - Common facilities tuned to the needs of potential units that can come up in the area
    - Ready built factory shells
  - iii) Large Industrial Parks and Multi Sector Mega Parks to be developed to cater to the need of thrust sectors such as Bulk Drugs, Pharma, Textile, Electronics, etc

#### Land Allotment

GoAP intends to de-risk the businesses by reducing their upfront cost. Land will be given on lease for a period of 33 years, with an option to buy the land after 10 years of successful business operations.

## EASE OF DOING BUSINESS

Providing corruption free transparent governance, timely regulatory clearance, and post-investment facilitation service have been identified as the cornerstone for improving the business environment and boosting investor confidence. To that end, the state to provide pre and post investment service to facilitate rapid industrialization through the following:

1. End-to-end deemed approval for MSMEs: An MSME unit can start operation in notified industrial park after getting online acknowledgement by submitting 'declaration of intent' with a condition to formalise all the approvals within 3 years. This will not apply to orange and red categories.
2. Online approval process in AP facilitates all necessary clearance for starting and operating an industry within 21 working days. This platform has integrated requisite pre-establishment and

pre-operation state clearance provided by multiple agencies/departments with provision for online filing and tracking. Strict SLA adherence with penalties would be followed for all approval and grievance redressal. The online approval process is to be made more robust by addition of the services like land allotment, land conversion, etc.

3. Central helpline is to be set up to ensure seamless on-ground implementation of approval.
4. For improving the process efficiencies, GoAP proposes:
  - Regular district level industrial meeting under District Collector to settle all pending approvals and grievances
  - Regular State Level Bankers Committee (Industrial Sub Committee) meetings to address issues with loan disbursement.

## ACCESS TO CAPITAL/ FINANCIAL INCENTIVES

### Incentives for Micro and Small Enterprises

1. Reimbursement of 100% Stamp Duty and Transfer Duty paid by the industry on purchase of land ment for industrial use
2. Reimbursement of 100% Stamp Duty for lease of land/shed/building, mortgages and hypothecations
3. GoAP is committed to supply uninterrupted 24x7 quality power to all industries operating in the state.
4. Fixed power cost reimbursement at Rs 1 per unit for a period of 5 years from the date of commencement of commercial production.
5. Reimbursement of 100% of net SGST accrued to state for a period of 5 years from the date of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.
6. 15% Investment subsidy in Fixed Capital Investment limited upto Rs 20 Lakh, whichever is lower. The subsidy will be released only after 3 years of continuous operations with atleast 80% efficiency in all parameters i.e employment, production, etc.
7. Interest subsidy of 3% on the term loan for fixed capital investment by new Micro and Small enterprises for 5 years from the date of commencement of commercial production.
8. Reimbursement of 25% land conversion charges for industrial use limited to Rs 10 Lakh
9. Water & power will be delivered to door-step of the industry, is it is located in designated Industrial park

## TAXATION

### Incentives for Medium Enterprises,

1. GoAP is committed to supply uninterrupted 24x7 quality power to all industries operating in the state.
2. 100% reimbursement of net SGST accrued to the State for 5 years or 100% fixed capital investment, whichever is lower, from the date of commencement of commercial production, linked to employment.

Direct Employment Generated	SGST Reimbursement
<1000	50%
1000 to 2000	75%
2000+	100%

- GoAP places significant thrust on adoption of sustainable green measures across industries in the State. Common facilities like Waste Water Treatment, Continuous Emission Monitoring System (CEMS), etc would be set up in new APIIC industrial parks.

## WOMEN ENTREPRENEURS INITIATIVES

Special Package for Women Entrepreneurs belonging to SC/ST/BC and Minority Communities

The provisions in the package are applicable for Women Entrepreneurs belonging to SC/ST/BC and Minority Communities who establish manufacturing units including Food Processing as sole proprietor or invariably having 100% share in partnership/private limited companies and provide employment to a minimum of 10 people.

- 100% reimbursement of Stamp Duty for lease of land /shed/building and mortgages and hypothecation.
- 100% reimbursement of Stamp Duty and Transfer Duty paid by the industry on purchase of land ment for industrial use.
- 50% rebate in land cost limited to Rs 20 lakh in industrial estates/industrial parks for MSMEs.
- 25% land conversion charges for the industrial use limited to Rs 10 lakh for MSMEs.
- Fixed power cost reimbursement at Rs 1.25/unit for 5 years from the date of commencement of commercial production
- 35% investment subsidy on fixed capital investment limited to Rs 50 lakh for MSEs. The subsidy will be released only after 3 years of continuous operation with atleast 80% efficiency in all parameters i.e employment, production, etc.
- Interest subsidy of 3% on the term loan taken on the fixed capital investment for a period of 5 years from the date of commencement of commercial production of MSEs
- Reimbursement of 100% net SGST to Micro and Small Enterprises for a period of 5 years from the date of commencement of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.
- Reimbursement of 75% net SGST to medium enterprises for a period of 5 years from date of commencement of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.
- Reimbursement of 50% SGST to large enterprises for a period of 5 years from the date of commencement of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.

## LABOUR AND SKILL DEVELOPMENT

The focus of policy is to create a pipeline of skilled labours tailored to the needs of the industries. The following interventions are proposed to this end:



1. 30 skill development centres are to be set up. The curriculum for the same to be developed with industries and using skill gap mapping.
2. 2 Skill development universities to be set up and one among them would provide high end skills like AI, robotics, virtual reality, industry 4.0, etc.
3. GoAP to tie up with international agencies to provide immersion programs for meritocratic students in key thrust areas like electronics, pharma, food technology, leather technology, etc
4. A digital platform to match skill labour in Andhra pradesh with requirement of business to be developed .
5. Mandatory apprenticeship training or all eligible.

#### Other Common Initiatives

1. 16.2% of plots for SC entrepreneurs and 6% of plots for ST entrepreneurs in industrial parks will be reserved and allotments will be done as per APIIC allotment guidelines.
2. A dedicated cell for hand holding special category entrepreneurs for all business issues/consultants will be constituted.

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# Best Practices Followed by Arunachal Pradesh for MSMEs

## INTRODUCTION

Arunachal Pradesh, the largest Northeastern State of India, is endowed with plenty of natural resources, which need to be harnessed for the development of the State. At present, the industrial growth in the State is at a nascent stage despite enormous potential for industrial growth. Recently the Union Government has given decisive push to manufacturing through a series of policy initiatives such as Make in India, Digital India, Stand-up India, Start-up India and Skill India. The underlying thought of these initiatives is to simplify the business environment, thereby paving way for attracting greater private investment flows from both domestic and foreign investors to make India a leading manufacturing hub.

## OBJECTIVES

- I. To work out new parameters especially for the development of MSME sector in the state based on available local resources for the benefit of local rural youth.
- II. To increase Gross State Domestic Product by way of facilitating growth of various economic activities including Manufacturing and Service sectors.
- III. To create income & employment especially in the rural areas.
- IV. To encourage sustainable investment environment in the MSME sector in the State.
- V. To establish Arunachal Pradesh as a competitive investment destination, leveraging the potential of the vast available area, picturesque & exotic locations and abundance of natural resources in the state.
- VI. To increase the standard of living and prosperity among the people of Arunachal Pradesh by giving them the opportunity for skilled and unskilled employment and to give special thrust on economic activities based on local resources with an objective to create market for the local farmers.
- VII. To provide quality infrastructure for environmentally friendly industries. Create an integrated eco system which nurtures skill development, entrepreneurship and private investment flows for job creation,
- VIII. To harness those sectors of economy where the state has a comparative advantage.
- IX. To create institutional mechanisms which are conducive for 'Ease of Doing Business' to create business friendly environment.
- X. To create employment opportunities for both skilled and unskilled workforce.
- XI. To promote the spirit of innovation and incentivize entrepreneurship among youth by providing specific sector skills and needed capital.

## STRATEGIES ADOPTED

The State Government will follow the following roadmap in achieving the mission :-

- I. Create robust infrastructure-Upgrading the existing infrastructure, identifying infrastructural gaps and developing new infrastructure
- II. Ease of doing business: Bring reform measures and changes in laws/rules, single point clearance system for industries.

- III. Skilled manpower: Impart requisite skills to local youths and entrepreneurs and link them with the industrial units.
- IV. Promote Micro, Small and Medium Enterprises.
- V. Marketing 'Brand Arunachal Pradesh' as a preferred investment destination.

## BEST PRACTICES FOR MSMEs

### INFRASTRUCTURE

#### *Power Subsidy*

State Government will arrange power supply to all Industries, Industrial Parks, etc adequately as per their requirement and assured quality power to the industries. The State Government will also encourage investment in generation of power in both conventional and nonconventional and provide all necessary assistance to the investors in the power sector.

Manufacturing Units (Small, Medium Enterprises) will be eligible for power subsidy @ rs 2 per unit consumed from the date of commercial production subject to a maximum of Rd 75 lakh per annum for a period of 5 years and not exceeding 100% of total investment made in plant and machinery, whichever is less. This shall be applicable only to units having electric connections from 11 kV/33 kV transmission lines with the Department of Power, Government of Arunachal Pradesh only.

Manufacturing units/industries (large scale factories/Bulk electricity consumers) will be eligible for power subsidy at Rs 1 per unit per unit consumed from date of commercial production subject to maximum of Rs 2 Cr per annum for a period of 5 years and not exceeding 100% of total investment in plant and machinery, whichever is less. This shall be applicable only to units having electric connections from 132 kV or above transmission lines with the Department of Power, Government of Arunachal Pradesh only.

The power subsidy will be in the form of remission/front ended thereby meaning that the power bill raised against the unit/industry will be generated after deducting the power subsidy per unit. The record of annual subsidy will be given against each unit/industry shall be kept by the Power Department and will be shared with the Department of Industries, Government of Arunachal Pradesh and reconciled quarterly.

Power subsidy shall be calculated on total units consumed during the period at applicable rate per unit and will be exclusive of all other charges viz load security, interest, taxes, etc.

Regular and timely payment to Department of power, Arunachal Pradesh is pre-requisite for availing the subsidy under this policy.

#### *Stamp Duty and Registration fee*

All eligible new industrial units shall be reimbursed or exempted from payment of Stamp Duty upto 50% of the subject to a monetary ceiling of Rs 25 lakh. The stamp Duty reimbursed or exempted shall not be available for agricultural land. It shall be available only for such parcel of land which is exclusively used for setting up of manufacturing facilities. In case of units run by women entrepreneurs, 100% exemption for payment of stamp duty will be provided.

#### *State Capital Investment Subsidy*

All eligible new industrial units in manufacturing and service sector located anywhere in Arunachal Pradesh will be provided State capital Investment Subsidy @ 30% on the cost of investment in plant and machinery with an upper limit of Rs 50 lakh. The incentive/subsidy shall be claimed within 5 years from the date of commercial production.

### ACCESS TO CAPITAL/ FINANCIAL INCENTIVES

#### *State Interest Subsidy*

All eligible new industrial units located anywhere in Arunachal Pradesh shall be given an interest subsidy on term loan from bank for plants and machinery. The incentive/subsidy shall be given to an eligible enterprise for 5 years from date of commercial production, provided the term loan is repaid as per the terms and conditions of taking such financial assistance from banks.

Unit	Interest Subsidy
Micro Enterprise	Reimbursement of interest of upto 80% of annual interest on the loan taken, subject to a maximum ceiling of Rs 5 lakh per annum
Small Enterprise	Reimbursement of interest of upto 50% of annual interest on the loan taken, subject to a maximum ceiling of Rs 15 lakh per annum
Medium Enterprise	Reimbursement of interest of upto 50% of annual interest on the loan taken, subject to a maximum ceiling of Rs 20 lakh per annum
Non MSME sector unit	Reimbursement of interest of upto 50% of annual interest on the loan taken, subject to a maximum ceiling of Rs 25 lakh per annum

#### *Interest subsidy on Working Capital Loan*

All eligible new industries units located anywhere in Arunachal Pradesh shall be given an interest subsidy @ 3% on the outstanding working capital loan for five years subject to a ceiling of Rs 1 Cr and not exceeding 100% of investment in plant and machinery. Interest subsidy shall be available only on outstanding working capital loan availed from Bank/Financial Institution.

#### *Quality Certification Subsidy*

The fee payable for obtaining BIS/ISO/FSSAI/AGMARK/HALLMARK/SILK MARK/ZED certification, etc by eligible units, will be provided subsidy upto 100% subject to a ceiling of Rs 20 lakh per unit.

### TAXATION

#### *SSGT Exemption*

The eligible units will be exempted 100% SGST for a period of 15 years from the date of commencement of commercial production. Reimbursement of 100% SGST as per the following scale will be given:

Category	Limit of Tax Reimbursement
Micro Enterprise	15 Years subject to a maximum of 250% of Fixed Capital Investment
Small Enterprise	15 Years subject to a maximum of 200% of Fixed Capital Investment
Medium and Large Enterprise	15 Years subject to a maximum of 180% Enterprise of Fixed Capital Investment

The benefit of tax reimbursement under the policy shall be subject to condition that the unit after having availed the benefit shall continue its production or operation at least for the next 5 years not below 70% of the average production for the preceding 5 years. In case the unit violates this condition, it shall be liable to make, the full amount of tax availed of by it during the period of eligibility, as if no tax reimbursement was ever available to it.

### DIGITALISATION & TECHNOLOGICAL UPGRADATION

#### *Scheme: Technology Mission for Integrated Development of Horticulture*

Description of the Scheme: Centrally sponsored scheme, implemented in mission mode and divided into Mini Missions: Mini Mission-I, Mini MissionII, Mini Mission-III, And Mini Mission-IV.

Nature & Mode of Assistance: Mini Mission-I deals with research and development in horticulture and is being implemented by ICAR. Mini Mission-II deals with area expansion programme which apart from cultivation of crops includes aspects like establishment of public/private nurseries, creation of water

source, drip irrigation, green houses, mushroom production units, tissue culture labs, plant health clinics, etc.

#### *Scheme for Technology Up-gradation / Establishment / Modernisation of Food Processing Industries*

**Description of the Scheme:** Grant of Financial Assistance and Monitoring for Technology Upgradation / Establishment / Modernisation of Food Processing Industries.

**Nature & Mode of Assistance:** a. 25% of plant and machinery and technical civil works subject to a limit of Rs.50 lakhs in general areas.b. 33.33% of plant and machinery and technical civil works subject to a limit of Rs.75 lakhs in difficult areas. c. Application should be made before commencement of commercial production.

#### *Public Procurement/Purchase Preference*

In order to promote “**Make in Arunachal**”, the State Government and other State controlled Bodies and Organisations will give preference to the registered units/enterprises of the State while purchasing the manufactured products.

#### *Strengthening of District Industries Centres (DICs)*

The State GOVERNMENT will strengthen and modernize the DICs. The DIC will be armed with Udyog Sahayak Cell to guide the entrepreneurs and helping them in selection of product, preparation of project report and obtaining credit for the project. A data bank covering all aspects of information sought by investors will also be maintained in DICs.

### WOMEN ENTREPRENEUR INITIATIVES

In order to encourage women entrepreneurs in the State, State Capital Investment Subsidy @ 50% on the cost of the investment in plant and machinery with an upper limit of Rs 75 lakh will be provided. The incentive/subsidy shall be claimed within 5 years from the date of commercial production.

### LABOUR AND SKILL DEVELOPMENT

#### *Scheme: Deen Dayal Swavalamban Yojana*

**Description of the Scheme:** Encourage unemployed youth to gain low cost capital for entrepreneurship.

**Nature & Mode of Assistance:**

1. 30 % back ended capital investment subsidy
2. Project loan from Rs.10 lakh upto Rs.1 crores (excluding cost of land & building)
3. Women entrepreneur: additional 5% interest subvention annually-must not become NPS
4. Value addition in Agri-Horti & Allied Sector
5. Eco-tourism – Home Stays / Tour Operators
6. Tradition Textile Weaving – modernisation /purchase of new looms
7. Small scale manufacturing unit – Qualified Graduates
8. Entrepreneur’s contribution must be minimum 10% of TFO. Preference for higher contribution

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## Best Practice followed in Assam for MSMEs

### INTRODUCTION

Assam is located in Northeast India. The state shares its borders with Arunachal Pradesh, Nagaland, Manipur, Mizoram, Meghalaya, Tripura and West Bengal. The state shares international borders with Bangladesh, Myanmar, and the Kingdom of Bhutan. The state is a gateway to Northeast India. Guwahati is the largest city of the state. Assam is known for its tea, petroleum resources, Muga silk and bio-diversity. Assam is becoming an increasingly popular destination for wildlife tourism. Kaziranga National Park and Manas National Park are registered as world-heritage sites.

### OBJECTIVES

- I. To create income & employment especially in the rural areas.
- II. To encourage sustainable investment environment in the MSME sector in the State. .
- III. To provide quality infrastructure for environmentally friendly industries. Create an integrated eco system which nurtures skill development, entrepreneurship and private investment flows for job creation, .
- IV. To create employment opportunities for both skilled and unskilled workforce.
- V. To promote the spirit of innovation and incentivize entrepreneurship among youth by providing specific sector skills and needed capital.

### STRATEGIES ADOPTED

The State Government will follow the following roadmap in achieving the mission :-

- I. Create robust infrastructure-Upgrading the existing infrastructure, identifying infrastructural gaps and developing new infrastructure .
- II. Skilled manpower: Impart requisite skills to local youths and entrepreneurs and link them with the industrial units.
- III. Promote Micro, Small and Medium Enterprises.

### BEST PRACTICES FOR MSMEs

#### INFRASTRUCTURE

*Incentive to Private Sector Infrastructure Developers* : Subsidy @ 30% excluding value of land, subject to a ceiling of Rs. 3 Cr.

*Power subsidy* : Subsidy @ Rs. 2.00 per unit power consumed for a period of 5 (five) years from the date of Commencement of Commercial Production subject to a maximum Rs. 50 (fifty) lakhs Per Annum not exceeding 100% of total investment made in plant & machinery, whichever is lower.

*Subsidy on Generating set* : Subsidy @ 50% subject to a limit of Rs. 20 lakhs on the cost of generating set, taxes and transportation only.

*Stamp duty reimbursement* : Reimbursement @ 100% Stamp duty subject to a monetary ceiling of Rs.25 lakh only for such parcel of land which is exclusively used for setting up of the manufacturing facilities or Hotel as specified in the Assam Industries (Tax Reimbursement for Eligible unit) scheme 2017 & not to the Agricultural land and land in urban areas used for manufacturing activities

## ACCESS TO CAPITAL / FINANCIAL INCENTIVES

*Interest subsidy on working capital loan* : Subsidy @ 2% on the outstanding working capital loan for a period of five years from the date of Commencement of Commercial production/ service rendered subject to a ceiling of Rs. 50 lakh (Rupees Fifty lakh) and not exceeding 100% of investment in plant and machinery.

*Financial Assistance in MSME listed in Stock Exchange* : subsidy @ 30% of the cost of Public Issue expenses, subject to maximum of Rs. 5 lakh.

*Assistance for Environmental Compliance* : Subsidy @ 50% on capital cost for setting up of effluent treatment plant subject to max ceiling of Rs. 25 lakh per unit and not available for Hotel Industries

### *Sarothi*

Objective of the scheme:

The basic objective of the scheme is to provide financial assistance in the form of loan with Interest subvention through a designated Bank covering the whole of Assam. The loan so availed by the beneficiaries will be supported by the State Govt. through Interest Subvention @ 5% P.A.

Financial Assistance & Equity:

(1) Loan amount shall be maximum of Rs. 10.00 lakh.

(2) Equity/Promoter's Margin shall be 15% of the project cost.

(3) All the beneficiaries under the scheme will be eligible for interest subvention on credit up to Rs.10.00 Lakhs.

(4) Banks will charge the borrowers as per their respective lending norms and 5% will be subvented in the loan accounts of the beneficiaries by the DIC, GOA based on claim prepared by the bank and submitted to the DIC, GOA. The balance interest calculated (@ Lending Rate of Interest levied on the loan amount disbursed minus 5%) will be repaid by the Borrower in Equated Monthly Installment (EMI).

The beneficiary who fails to meet his/her repayment obligations in time and the account becomes NPA, the benefits of interests subvention will not be available to them from the date of account becoming NPA. All other eligible beneficiaries shall continue to get the benefit of interest subvention for a maximum period of 5 years or the agreed term of the loan whichever is less.

(5) A Current Account (Escrow Account) shall be opened at AGVB, Chandmari Branch by DIC or parking of the fund " SAROTHI " – THE START-UP ASSAM received from the State Govt.



(6) The Bank will have the authority to debit the Escrow Account to realize the Interest Subvention @5% due to the bank on the loan amount disbursed as on the last day of each quarter of the financial year.

(7) The Bank will not charge any processing fees/ documentation fees from the beneficiaries. The processing fees/ documentations fee shall be borne by DIC, govt. of Assam on behalf of the beneficiaries as per the extent guidelines of the bank or at a specified rate of 3% of the sanctioned amount as mutually agreed by the Bank and DIC, GOA. As such, the Bank will also have the authority to debit the Escrow Account to realize the one time processing fees/ documentation.

#### *Incentives To Industrial Units For Local Employment Generation*

Objective:

The scheme aims to encourage industrial units to employ local youths in their units.

Scope: All industrial units in the manufacturing and service sector in the state, that have Employed Local Youth on or after 1st April, 2019, will be eligible for availing incentives under the scheme.

Funding Pattern: The scheme will be 100% State Govt funded. Payment will be made directly in the bank account of the units concerned.

#### *Swami Vivekananda Assam Youth Empowerment (Svayem) Yojana*

It is a flagship program to provide financial support to the youths of Assam to take up income generating activities in the manufacturing, trading and service sector.

Objectives:

(1). To generate employment opportunities in rural as well as urban areas through setting up of new ventures as well as growing existing ventures.

(2) To provide financial assistance to micro and small business entities engaged in the manufacturing, trading and services sector.

(3) To provide financial assistance for enhancement of income level of traditional artisans ensuring sustainable growth.

Quantum and nature of financial assistance:

The quantum of assistance would be up to Rupees One lakh for new entrepreneurs and up to Rupees two lakh for existing entrepreneurs. Beneficiary contribution will be a maximum of 25% of the total project cost.

Banks will be free to sanction loans above the quantum specified above but subsidy as reflected herein below, will be limited to 20% of sanctioned limit subject to INR 20,000 for new entrepreneurs and 40% of sanctioned limit subject to INR 40,000 for existing entrepreneur. In brief, for an amount of Rs 1,00,000/- sanctioned as loan for a total project cost, Rs 25,000/- shall be beneficiary's own contribution, Rs 20,000/- the subsidy to be disbursed and Rs 55,000/- shall be the loan amount from the Banks. The extent of Government Subsidy shall be as follows :

Category	Subsidy Percentage	Qualifying Amount	Remarks
New Entrepreneur	20%	Upto Rs 1,00,000	Max subject to Rs 20,000/-
Existing Entrepreneur	20%	Upto Rs 2,00,000	Max subject to Rs 40,000/-

An amount of Rs 200 Crores shall be allocated and utilized for this purpose

## TAXATION

*State Goods and Service Tax (SGST) reimbursement* : Reimbursement @ 100% SGST paid through debit in electronic cash ledger account in the term of sub-section (1) of section 49 of Assam GST Act, 2017 as per the following scale

Category	Limit of Tax Reimbursement	
	For units set up in areas other than special parks (specified in next column)	For units set up in Plastic Park, Bamboo Park, Food Park, Tea Park and other Parks developed by or in collaboration with State/ Central Government
Micro Enterprises	15 (Fifteen) years subject to maximum of 200% of Fixed Capital Investment.	15 (Fifteen) years subject to maximum of 250% of Fixed Capital Investment.
Small Enterprises	15 (Fifteen) years subject to maximum of 150% of Fixed Capital Investment.	15 (Fifteen) years subject to maximum of 180% of Fixed Capital Investment
Medium & Large Enterprises	15 (Fifteen) years subject to maximum of 150% of Fixed Capital Investment.	15 (Fifteen) years subject to maximum of 150% of Fixed Capital Investment.

## DIGITALISATION AND TECHNOLOGICAL UPGRADATION

*Technology Transfer and quality certification* : Subsidy upto the extent of 75% of fee payable for obtaining BIS/ ISO/ FSSAI/ AGMARK/ HALLMARK/ SILK MARK/ ZED Certification etc. from any recognized national/ international research laboratories/ Technical Institutes/ University, Institutions like CFTRI, CIPET, etc. subject to a ceiling of Rs.10.00 Lakh per unit.

## EXPORT DEVELOPMENT

**Capital Investment Subsidy** : Subsidy in the form of reimbursement @ 30% of the eligible investment for creation of export Infrastructure like Multi Model Logistic Park (MMLP), Logistic Park, Inland Container Depot (ICD), Container Freight Station (CFS), Air Cargo Facilities , Common Facility Centre , Pack house , Cold Storage , integrated Cold Chain facility , Irradiation facility , Individual Quick Freezing (IQF) facilities , Vapour Heat Treatment facilities , State of Art Quality Control Laboratory with NABL accreditation to support Export subject to a ceiling of Rs.10 (ten) Crore.

**Capital Investment Subsidy for reefer vehicle, etc.** : Subsidy in the form of reimbursement @ 30% for purchase of insulated, reefer transport/ mobile pre cooling units subject to a ceiling of Rs.1 (One) Crore.

**Capital Subsidy for setting up of Primary Production Centres** : Subsidy in the form of reimbursement @ 30% on capital investment for the setting up of Primary Processing Centre (PPC) for Agri-Horticulture produces subject to a ceiling of Rs.1 (One) Crore.

**Subsidy for obtaining Quality Certification** : Subsidy in the form of reimbursement @ 50% for obtaining Organic certification, Quality certification, ISO, ZED, etc. subject to a ceiling of Rs.50.00 (Fifty) Lakh.

**Freight Subsidy** : Subsidy in the form of reimbursement @ 20% on Air freight from the Airport of Assam to Foreign destination for the Agro-Horticulture Products, Food Processing, Ornamental fishes, Floriculture products, Handicraft & Handloom products, Tea, Jute, Bamboo & other products based on locally available raw materials of the State subject to a ceiling of Rs.50 Lakh only per annum for a period of five years per unit. Industries engaged in products based on raw materials from outside the State shall not be eligible for Freight Subsidy

## INCENTIVES FOR BAMBOO

Subsidy @ 50% Capital Investment Subsidy on eligible Plant & Machinery and Internal Electrical Installations subject to a maximum ceiling of Rs.5.00 Crore

For Startups in Bamboo & Cane sector, a grant of upto Rs 5 lakh to the innovative ideas.

Under the scheme; Distribution of Tools and Machineries for the artisans in Bamboo & Cane sector by SBDA indicated below-

- i. Tools for Bamboo & Cane Furniture making (Manual & Power)
- ii. Tools for Incense stick making (Manual and Power)
- iii. Tools for Bamboo Mat and other items made in the Handicraft sector (Manual and Power).
- iv. For the above three items, 100% grant will be provided by the state.

100% sponsorship in case of training in ITI & Skill Development Centres

50% Subsidy on Fixed Capital Investment including Civil Works for establishment of "Souvenir shops" for bamboo and Cane products in the places of tourist attraction with a maximum ceiling of Rs 5.0 Lakh whichever is lower.

50% Subsidy on the cost of development of Online portal for marketing of bamboo and Cane products with a maximum ceiling of Rs 5.0 Lakh whichever is lower

## OTHER

### SUPPORT FOR STARTUP

**GST Reimbursement** : Startups with MASI shall be eligible for annual reimbursement of SGST paid in sales of goods for a period of 3 years upto a maximum of INR 5 Lakh per startup.

**Stamp Duty Reimbursement** : Startups with MASI shall be eligible for 100% reimbursement of Stamp Duty/ Registration Fee/ Conversion Fee Paid on Sale/ Lease deeds for first transaction.

**Digital Upgradation Subsidy** : Startups with MASI shall be eligible for an upgradation subsidy @ 50% of capital expenditure for purchase of Computers, related hardware, relevant software subject to a ceiling of INR 1 Lakh per startup.

**Lease Rental Reimbursement** : Startups with MASI shall be eligible for 50% lease rental reimbursement for a maximum period of 3 years subject to a ceiling of INR 5 Lakh. It may include any rent being paid to an incubator/ co-working.

**Power Subsidy** : Subsidy @ 50% Subject to a ceiling of INR 10 Lakh per annum for a period of 5 years.

**100% Reimbursement on Patent Filing Cost** : Startups with MASI shall be eligible for INR 1 Lakh for filing of Domestic Patent and INR 5 Lakh for international patent filing.

#### **Incentives for Hiring Women, Transgenders and Differently Abled**

#### **Marketing and Promotion Assistance & non fiscal incentives**

**Preferential Market Access & Self – Certification & Compliance** : Startups with MASI shall be given Preferential Market Access for products procured by all Govt. Departments of Assam

#### *Marketing and Promotion Assistance & non fiscal incentives*

##### *Biponi Scheme*

##### **Objective:**

The objective of the scheme is to support to the Micro & Small enterprises to participate in different trade fairs and events within the State, in the Country and abroad for marketing of their products and also getting exposure.

Marketing Promotion within the State: Concerned General Manager, District Industries & Commerce Centres will arrange the stalls in collaboration with the organizers of the event. There will be a maximum ceiling of Rs. 5000.00 (Rupees Five Thousand) per entrepreneur towards stall rent, which will be paid directly to the organizers by Cheque. In case of participants from other districts, a fixed lump sum grant of Rs. 500.00 (Rupees Five Hundred) per day for the actual fair/exhibition period will be provided to meet the Travelling, Food & Lodging expenses etc.

Marketing Promotion outside the state: Selected participants will be reimbursed 50% of the stall rent subject to a ceiling of Rs. 10000.00 ( Rupees Ten Thousand) only and actual Sleeper Class to & fro

Railway fair for 2(two) persons per unit along with Rs. 300.00 (Rupees three hundred) per person per day for the actual fair period towards food & lodging expenses.

Marketing Promotion outside the Country: Selected participants will be provided free stall space on sharing basis and actual Economy Class Air fair for 1(One) persons per unit along with Rs. 1000.00 (Rupees One thousand) per person per day for the actual fair period towards food & lodging expenses.

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# BEST Practices Followed by Bihar for MSMEs

## INTRODUCTION

Bihar is one of the fastest growing states in India. The scale and pace of economic change that Bihar has witnessed over the past few years has been the result of a comprehensive, home-grown reform program initiated by the government. These reforms ranged from changes in managing public finance and reforming government expenditures, public investments in building infrastructure, and most importantly revamping the law and order machinery. All these changes have provided an enabling environment for private investment in the state and greater industry commitment. Bihar is aggressively working on developing supporting infrastructure in the state. In the absence of adequate roads no state can amplify its economic growth.

There has been large scale change in industrial environment due to economic liberalization, privatization and globalization. Strong emphasis is being placed on Micro, Small and Medium Enterprises (MSME). Cluster based development is being promoted by the State Government and it is in the process of setting up specialized clusters for development of leather, small machinery, plastics, garments, jute & textiles, and food processing to boost the manufacturing sector and well-being of MSME entrepreneurs. B

ihar is progressively adopting practices to create an investor friendly environment in the state, so as to facilitate investments. Some of the key reform measures taken are implementation of UDYOG SAMWAD portal for grievance redressal; effective implementation of single window system, development of an online inspection system; provision for submission of single integrated return under various labour laws; differentiated compliance inspection requirement based on risk profile of industries; provision of synchronized/joint inspection under various labour laws etc.

## OBJECTIVES

- I. Achieve industrial development growth rate of 15% per annum
- II. Increase contribution of the secondary sector to the GSDP to more than 25% in line with the National Manufacturing Policy and —Make in India|| initiative
- III. Create direct employment opportunities for 5 lakh people across all economic sectors • Attract on-ground investment of Rs.15,000 crore
- IV. Create high-end infrastructure facilities to attract investments in the state
- V. Eradicate regional industrial imbalance by uniformly extending the benefits of investment to all geographical areas of the state
- VI. Provide relatively more economic benefits to the priority sections of society such as SC/ST, women, differently abled, war widows, acid attack victims and third gender entrepreneurs.
- VII. Ensure that industries facilitate skill development of local people, so as to achieve the target of 15 million skilled youths as per the —Seven commitments|| of the State Government.
- VIII. Increase the competitiveness of MSMEs and adoption of —Zero Defect Zero Effect manufacturing practice

## STRATEGIES ADOPTED

- I. Encouraging investments that add value to the farm produce and increase the income of the cultivators through processing and preservation of food crops, particularly vegetables and fruit crops.
- II. Utilising the traditional skills of artisans by finding a wider market for handloom and handicrafts.
- III. Investing in skill development and technical education so as to make Bihar the preferred source for skilled manpower - for which an acute shortage has been forecasted not only in different parts of the country but even markets abroad.
- IV. Creating preference for Micro, Small and Medium Enterprises (MSME) in view of their limited requirement of land, and their capacity to absorb more labour per unit of capital and energy.
- V. Encouraging cluster development in MSME sectors.
- VI. Emphasising on industries that rely on local production, local skills, and local consumption. • Providing preference to low energy and non-polluting industries
- VII. Encouraging large scale industrial units in the proposed Integrated Manufacturing Cluster under the proposed Amritsar-Kolkata- Industrial Corridor (AKIC). While, the State Government will assist investors in finding suitable land for setting up units, they will be expected to find land on their own for units outside these designated areas.
- VIII. Encouraging new investment in developing heritage tourism for which the state offers tremendous opportunities.
- IX. Investments in developing new facilities and/or managing existing facilities under PPP mode will be encouraged.
- X. Promoting development of ancillary units to cater to the upcoming investments in public and private sector
- XI. Establishing the Udyog Samwad Portal, a one stop platform for investors to resolve problems/ difficulties faced in establishment of industrial projects in the State

## BEST PRACTICES FOLLOWED BY STATE FOR MSMEs

### INFRASTRUCTURE

Facilitation of high-end quality infrastructure facilities, including developed industrial land, availability of quality power, efficient transportation network, etc., is the prime focus of the current policy. These infrastructure facilities are keys to the growth of business and industry in the state. Following is the brief of the existing infrastructure in the state.

#### *Industrial Land*

The State Government has given approval to setting up of industrial units in parks that have industrial plots available for allotment to investors. These are:

- **Pristine Mega Food Park:** The Park is coming up in Khagaria district. It is spread over an area of 98 acres. The park is likely to be operational by this financial year.

- **Punraser Jute Park:** This is the country's only jute park. It is situated in Purnea district. It is spread over an area of 44.30 acres. The park is operational at present.
- **IT, ITeS and Electronic Manufacturing Park:** The State Government has earmarked around 100 acres in Rajgir and 25 Acres in Bihta (Patna) for an IT, ITeS and Electronic Manufacturing Park.
- **Leather Cluster:** It is situated in Muzaffarpur with about 11 acres of land.
- **Garment Manufacturing Park:** It is situated in Bihta (Patna) having 25 acres of land. All these parks have well developed infrastructural facilities for setting up of an industrial unit.

#### *Measures for creation of enabling infrastructure during the policy period*

- **Allotment of vacant industrial land for priority sector projects** During the policy period, BIADA would strive to allot all the available vacant land (around 182 acres) at the various industrial areas to the prospective and eligible projects. In this regard the meeting of —Project Clearance Committee of BIADA|| will be convened in a time bound manner. These vacant lands shall be allotted to the manufacturing units. The Government would also put efforts to facilitate the allotment of lands in the industrial parks to manufacturing units.
- **Establishment of new industrial areas and expansion of existing industrial areas by BIADA** BIADA would strive to develop new industrial areas as well as expand existing industrial areas across the various districts of the state. It is envisaged that a total of 5000 acres of land would be acquired and developed by BIADA over the next 3 to 5 years/ during the policy period. For this, government land from the land bank would be alienated and transferred to BIADA. Appropriate budget provisions would be made for the development of the new industrial areas. BIADA would develop the land suitable for industrial manufacturing units and notify the final rates at which the land would be available to industrial units.
- **Recovery of land from Sick/ Closed units** Wherever feasible, the Govt. would strive to recover land from sick and locked out industries, more so in the existing industrial areas. BIADA may also formulate a suitable —One time Settlement|| process for this.
- **Promotion of private participation for increasing availability of industrial land:** “Aao Bihar” Scheme Yojana is a flagship scheme of the Government of Bihar to facilitate private buyers and sellers of land in respect of setting up of industrial units in the state. Under this scheme any person/ group of persons, who own 2 acres or more land and want to sell their land for establishment of industries or institutions, can enlist their land details on the —Aao Bihar Portal.
- **Establishment of Air cargo complex** An air cargo complex has been proposed in the state in Patna/ Gaya for products of export oriented industrial units and transportation of perishable agriculture goods from the state. The government would strive for its establishment during the policy period.
- **Container Freight Terminal** There are two container freight terminals in the state at Fatuha & Bihta. The GoB would pursue to upgrade the facilities available at these terminals.
- **Increase in the availability of quality/reliable power supply** Efforts will be made to ensure availability of 24 hours of uninterrupted power supply to the industries situated in all industrial areas. All the industries getting electricity supply from 132/220 KVA feeders, will be exempted from power cuts, until necessary for safety of the grid. For this purpose, generation and distribution systems will be adequately upgraded.



- **Establishment of gas pipeline network** To ensure availability of natural gas as clean energy for industrial development, a gas grid will be developed in the state; necessary steps will be taken to ensure the supply of natural gas according to industrial and domestic demand in the state.
- **Promotion of Private Industrial Parks** The current policy adequately recognizes the role of private participation in order to develop industrial plots/ land and other basic infrastructure facilities in the state. The government would also encourage the establishment of sector specific parks, especially, for the priority sectors (e.g. food parks, leather parks, IT parks, textile parks, etc.). Under this policy, the Government of Bihar would provide incentives to the promoters of private industrial parks.

## EASE OF DOING BUSINESS

A series of measures have been taken up to improve the ease of doing business in the state and the emphasis has been on simplification and rationalization of the existing rules/procedures for hassle free entry & operation of business units across the state. A brief summary of some of the key ease of doing business' reforms is given below:

### Availability of Information

- The Udyog Samwad Portal ([www.udyog.bihar.gov.in](http://www.udyog.bihar.gov.in)) – A one stop platform for investors” provides information on acts/rules/policies/circulars/notices/notifications published by all relevant departments of the state.
- Detailed procedures/ guidebooks covering all applicable steps, from application submission to application approval, have been published online to facilitate investors in their application process
- A comprehensive checklist of all the documents that need to be submitted as part of the application has also been made available on the websites.

### *Institutional strengthening to catalyse industrial development*

- The Udyog Samwad Portal ([www.udyog.bihar.gov.in](http://www.udyog.bihar.gov.in)) – A one stop platform for investors, also facilitates grievance redressal. This platform provides an option to directly interact with the Principal Secretary, Department of Industries.
- Empanelled professional project management agencies (PMAs) in the food processing sector could facilitate speedy project appraisal and clearances
- Defined punitive actions on non-compliance of services are covered under Bihar Right to Public Service Act
- Application process and documentation requirement along with reduced timelines for various clearances such as electricity connection, VAT registration, professional tax registration, etc. have been simplified.

### *Labour related reforms*

Some of the key labour related reform measures undertaken by the State Government are:

- Online application for registration and licenses (including renewal) under the Factory Act & other labour laws.

- Application tracking facility & clear timelines mandated for issue of registration certificates and licenses including online facility to download the registration certificate & other licenses
- Single joint inspection and single annual return for various labour laws 20 d) Online facility for verification of registered and licensed units
- Well defined inspection procedures, including online risk based differential compliance inspection of registered units including automatic allocation of inspectors, etc.

#### *Tax Related Reforms*

Some of the key tax related reform measures undertaken by the State Government are:

- Online application for Value Added Tax, Professional Tax, Entry Tax, Entertainment Tax & Luxury Tax registration
- Application tracking facility & clear timelines mandated for issue of registration certificates
- Online facility to download registration certificates and enquiry reports
- Online facility for verification of registered and cancelled dealers
- VAT refund to the dealers account within 60 days
- Computerized system to identify dealers for audit (based on publically notified risk parameters)

#### *Environment Related Reforms*

Some of the key environment related reform measures undertaken by the State Government are:

- Online consent management system for Consent to Establish (CTE) and Consent to Operate (CTO) under Water & Air Act; authorization under Hazardous Waste Rules
- Application tracking facility & clear timelines mandated for issue of CTE/CTO/authorization certificates including online facility to download certificates
- Industries under Green category exempted from obtaining CTO & CTE
- Validity of CTO increased from 3 years to 5 years
- Lowered compliance inspection requirement-Green: once in 5 years, Orange: once in 3 years & Red: once in a year)

#### *Way forward*

Reform measures will be taken to streamline procedures across departments so that the investors would be able to obtain statutory clearances and approvals in a transparent and time-bound manner.

The following steps will be taken to facilitate ease of doing business in Bihar:

- **Single Window Clearance System:** A new and simplified system of single window clearances will be put in place with suitable changes in the legislative framework. The online system will also provide facility for online application, adjustment and reimbursement of incentives.
- **Provision of Common Application Form (CAF):** A Common Application Form (CAF) will be introduced which will ensure coordination among all agencies involved in providing clearance.

CAF will be web-based and will gradually be aligned to the Government of India's e-biz portal ([www.ebiz.gov.in](http://www.ebiz.gov.in)) so that prospective investors can obtain all clearances from one source.

- **Provision of Programme Management Agency (PMA):** The DoI will empanel PMA(s) to provide technical assistance as well as secretarial services to the competent committee in finalising the investment proposals for the approval including monitoring and reporting the progress. The PMA(s) will be the single point of contact for the investors to coordinate with the government for their investment proposals.
- **Amendment in the BIADA Act:** The GoB will review the existing Bihar Industrial Area Development Authority Act, 1974 and amend it to further strengthen the legal framework for planned development of industrial areas.
- **Inclusion of industry related services under the Bihar Right to Public Services Act, 2011:** In order to ensure accountability for timely processing of requests, additional investor-related services will be included under the Bihar RTPS Act. 21
- **Provision of Self certification:** The new single window system will have provisions for self-certification with random check by the statutory authorities after commencement of production.
- **Rationalisation of rules & regulations:** Considerable rationalization of labour law compliances has been implemented in the state. However, a further review in order to possibly ease compliances will be conducted, in consultation with industry representatives.
- **Monitoring & Grievance Redressal System:** The grievance redressal in regard to this policy will be done under the purview of the Bihar Lok Shikayat Nivaran Adhikar Adhiniyam, 2015. Additionally the DoI will strengthen the existing web based interaction mechanism ([www.udyog.bihar.gov.in](http://www.udyog.bihar.gov.in)) where suggestions and complaints can be directly addressed to the Industrial Development Commissioner/Principal Secretary, Industries Department.

## PROMOTION OF MSME CLUSTER

Establishment of CFCs The current industrial policy adequately recognizes the importance of the development of the MSME clusters; therefore, intends to promote them. There are several existing and potential MSME clusters in the state. For e.g.

- Brass and Bronze Metal Utensils Industry Cluster, Pareb, District-Patna
- CFL& LED Bulb, Patna city, District- Patna
- Leather Footwear, Patna city, District- Patna
- Makhana, Located in four district (Darbhanga is the key center)/ Darbhanga
- Leather Products Cluster, District- Chhapra
- Agarbati Manufacturing Cluster, District- Gaya
- Lahathi (lac) Cluster, District- Muzaffarpur
- Leather Shoes and Chappal Cluster, District- Muzaffarpur
- Brass & German Silver Utensils Cluster, District- West Champaran

- Rice Milling Cluster, District- East Champaran
- Rice Milling Cluster, District Lakhisarai
- Copper Bronze Alloy Utensil Cluster, District Vaishali
- Leather Shoes and Chappal Cluster, District-Nalanda
- Readymade Garment Cluster, Patna city, District- Patna
- SilawkaKhaja Cluster, District- Nalanda
- Sweet and NamkinKhaja Cluster, District-Madhepura
- Bamboo Works Cluster, DistrictMadhepura
- Handloom and Khadi (Post processing) Clusters
- Handicraft Clusters
- Small Machines and tools manufacturing Cluster in Aurangabad and Raxaul, East Champaran

## WOMEN ENTREPRENEUR INITIATIVES

Special Incentive Package for Women, Differently abled persons, War widows, Acid attack victims and Third gender entrepreneurs

- Efforts shall be made to promote entrepreneurship among the women, differently abled persons, war widows, acid attack victims and third genders.
- In case of a new unit established by women, differently abled persons, war widows, acid attack victims and third gender entrepreneurs, the rate of interest for interest subvention will be 11.5% or actual rate of interest on term loan, whichever is lower (except for Micro and Small units). In case of micro and small units being established by women, differently abled persons, war widows, acid attack victims and third gender entrepreneurs, the rate of interest for interest subvention will be 13.8% or actual rate of interest on term loan, whichever is lower.

## OTHER

Preferential purchase policy

- The purchase preference policy shall apply to only those MSME firms/units wherein the manufacturing activity results in significant value addition. Simply trading and packaging units shall not be eligible for price preference.
- MSMEs quoting prices within 15% of the lowest eligible price bid of other bidder(s) shall be eligible for purchase preference in the state. In such cases the MSME unit shall be given an order of 15% of the total order value on the lowest eligible price bid. In case of a tie, the state based MSME units will be given the preference.

Special Incentive Package for Scheduled Caste and Scheduled Tribe Entrepreneurs

- Efforts shall be made to promote entrepreneurship among the Scheduled Castes (SC) and Scheduled Tribes (ST).

- In case of a new unit established by a SC/ ST entrepreneur, the rate of interest for interest subvention will be 11.5% or actual rate of interest on term loan, whichever is lower (except for Micro and Small units). In case of micro and small units being established by a SC/ ST entrepreneur, the rate of interest for interest subvention will be 13.8% or actual rate of interest on term loan, whichever is lower

### *Rehabilitation of Sick Units*

- **Industrial Rehabilitation Fund (Corpus Fund)** In order to revive the sick industry, a corpus fund will be created with the cooperation of the commercial banks, the State Government, industry associations and others. This corpus fund will provide financial assistance, in the least possible time, to sick micro, small and medium industrial enterprises for which the rehabilitation package has been approved.
- **Sickness in Micro, Small and Medium Enterprises (MSME) units** All decisions for the rehabilitation of micro, small and medium enterprises will be taken by the state level committee (apex body) constituted under the chairmanship of the Director of Industries.
  - The State Level Committee would be empowered with necessary statutory powers in order to rehabilitate the sick industry. This committee will select an agency for preparing a rehabilitation package that enables effective implementation. 9.2.3. The guidelines of the Reserve Bank of India / SIDBI would be relied upon to identify sickness in micro, small and medium units and provide assistance towards selecting an agency for preparation of the rehabilitation package, so that the above mentioned rehabilitation package is approved.
  - The sick industries being revived will not require sickness certificate on an annual basis, instead the revival package shall specify the period of revival of sick units. 33
  - The industry declared sick by the state level committee would be eligible to receive relief and concessions from banks and financial institution as per the guidelines of RBI. These reliefs and concessions will be considered within a fixed time frame.
  - After the identification of sickness, rehabilitation package would be prepared within a timeline of 3 months and the state level institutions would monitor the rehabilitation process of sick industries.
  - The sick units that have availed the benefits of any Industrial Policy in the past may avail the facilities under this policy for the second time. If any sick unit wants to avail the benefits under the Industrial Policy for the second time it will avail only the difference between the prior availed amount and the proposed amount under new policy. But this facility for rehabilitation to the unit will be made available only on the recommendation of the concerned committee constituted by the State Government. Such facility to the unit can be made available a maximum of two times only

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## BEST Practices Followed by Chhattisgarh for MSMEs

### INTRODUCTION

Nature has blessed Chhattisgarh State with abundance of precious minerals and forest resources. The strategic & convenient geographical location of the State connects almost half of the population of the country as neighboring States. This natural endowment is prime factor for development of the State. Almost 44% of the total area of the State is covered by dense forest full of biodiversity. Almost all types of minerals, biodiversity and herbs used in Ayurveda are available in the picturesque valleys and forests of the State.

By using the modern IT tools, the processes of obtaining various consents, licenses, registrations and permissions from all concerned government departments for setting up an industry have been simplified under Ease of Doing Business (EoDB) measures. To complete the entire process of issuing the required registrations, licenses, consents & permissions in the stipulated time limit, the system to fix up the case-wise responsibility of the officers is being developed. To enhance the capacity of traditional & existing industries, the existing industries have been permitted to get the assistance for substitution/diversification including industries that are producing various products required for growth of Space, Defence, Railways and Atomic Science. Provisions have been made to give every possible support to all such industries keeping local needs in focus.

### OBJECTIVES

- IX. To produce the consumer products at reasonable cost by taking advantage of strategic geographical location of the State.
- X. To create ecosystem for value addition in herbal, medicinal and other forest produces available in the State
- XI. To setup maximum industries of priority /high priority categories.
- XII. To facilitate economic empowerment of the entrepreneurs belonging to weaker sections, SC/ST communities, Ex-Servicemen and women entrepreneurs.
- XIII. To facilitate for training of the local youths as per the requirement of the local industries
- XIV. To attract more investments in the sunrise industries such as textile, pharma, robotics, artificial intelligence, IT & ITeS, biotechnology and in the field of nonconventional energy generation.
- XV. To promote modern technique of farming, food processing and ware housing of food grain in the far-flung area of the State.

### STRATEGIES ADOPTED

- I. Keeping in view the present scenario of industrial development, all development blocks of the State have been classified into the four categories viz, Developed, Developing, Backward & Most Backward blocks.
- II. More incentives to the biodiversity based industries, forest produce based industries, herbal and food processing industries for establishment in the district of abundance itself.
- III. More incentives for setting up industry in the same district where these local natural resources and the raw material are available

- IV. For economic & social upliftment of State more incentives have been planned for the weaker sections of the society, SC/ST, women entrepreneurs, third genders, ex-servicemen (including ex- para-military forces personnel) and LWE affected people
- V. To cater to the need of the local industries, and to make the educational curriculum more job oriented, coordination for setting up of new ITIs & Polytechnics as per requirements and addition of new curriculum
- VI. Efforts to set up more incubation centers to promote innovation
- VII. Develop more industrial infrastructure in rural areas to promote rural industrialization for overall development of rural areas in State.
- VIII. To ensure optimum use of the investment potential in the interest of the State and to provide opportunities, new industrial areas/parks will be developed at the block level.
- IX. Special package for the investment in the new sectors.

## BEST PRACTICES FOR MSMEs

### INFRASTRUCTURE

#### INFRASTRUCTURE DEVELOPMENT & INDUSTRIAL LAND MANAGEMENT

- I. To ensure the holistic development of rural areas in the State, at least one industrial area/park will be set up in each Development Blocks.
- II. Empowerment of CSIDC to procure private land for land bank at reasonable rates to setup new industrial areas.
- III. Formulation of consultative committees at local level for the maintenance of the existing industrial areas.
- IV. Need based setting up of Water, Effluent treatment plants & solid waste management for conservation of environment under PPP model. The tree Plantation will be made compulsory in all industrial areas
- V. Setting up of Cluster based Common Facility Centers in PPP model. Promotion of private sector for setting of Common Facility Centers.
- VI. Provisions for setting up of Fire Brigade Station in every industrial area of more than 100 Hectares.
- VII. Rationalization of land allotment prices for development of logistics parks to increase storage capacity of the State.
- VIII. Reduction of rates of the industrial land for backward & most backward development blocks.
- IX. Rationalization of Property tax & other local taxes in industrial areas. 7.10. Construction of Multi storied (Flat type) industrial buildings by CSIDC in the industrial areas for micro and small industries
- X. Removal of encroachment in the green belts of the industrial areas for the purpose of intensive plantation.

*Exemption/concession in Land Premium on land allotment in industrial areas for Entrepreneurs of Scheduled Caste/Tribe Category*

**(Only For Micro, Small, Medium Industries/Enterprises)**

- (1) In the industrial areas of the Department of Commerce & Industries / Chhattisgarh State Industrial Development Corporation Ltd., 100 % exemption of land premium shall be given on land allotment for establishing Industries and service enterprises. Rate of lease rent will be Rs.1 per acre per year. Maintenance charges, street light charges, water charges and other taxes and cess will be payable at the prescribed rate.
- (2) In view of providing the facility of free of cost allotment of land (in industry and services enterprise), the State Government/Chhattisgarh State Industrial Development Corporation Ltd. will reserve 25 percent of land blocks in developed and developing areas (category A and B) and 50% of the land-blocks in backward and most backward areas (category C and D) in all industrial areas. The period of reservation will be from the appointed date or the date of establishment of the industrial area, whichever is later, up to two years.
- (3) The area of the plot/land for the entrepreneurs of SC/ST category will be determined according to the eligibility mentioned in the Chhattisgarh Audyogik Bhumi Bhawan Prabandhan Niyam - 2015

**EASE OF DOING BUSINESS**

- I. The State Investment Promotion Board will be strengthened to ensure the time bound implementation of the medium and large projects.
- II. Rationalization and Simplification of the process of issuing approvals, permissions & consents during investment process. Simplification of the various applications and acceptance of the self certified Documents.
- III. To ensure the time bound disposal of the applications for approval,permissions & consents, regular monitoring at the State level will be done by the HoDs & weekly monitoring at the District level under the chairmanship of District Collectors to ensure accountability.
- IV. Monitoring of implementation of the investment proposals at regular intervals at State level.
- V. Separate provisions on departmental website to deal with the issues related to existing industries along with establishment of new industries.
- VI. Conduct regular workshops & short term training programmes for entrepreneurs & youths of the State.
- VII. Special guidance scheme to ensure Quality of products of Micro & Small industries.
- VIII. Provide marketing support to Micro & Small industries of the State through Government run marketing portal E-Mane-C.



- IX. Provision to avail maximum benefits of various Government schemes to Micro & Small industries for financial assistance.
- X. Make existing Single Window System more seamless and investor friendly.

#### *SINGLE WINDOW SYSTEM*

- I. The Single Window System (SWS) at District and State level set up under Chhattisgarh Industrial Investment Promotion Act 2002 to ensure fast & time bound disposal of the applications received from the investors will be further strengthened through continuous monitoring at District & State level.
- II. To make SWS more effective and to ensure the disposal of the applications for setting up business/industries in the State within prescribed time limit, all the Departments will ensure that no separate applications are received and there are no parallel online systems being used to provide approvals through Department's specific web portal. All the concerned Departments will ensure that the applications for obtaining approval are being routed through the Industries Department's nodal office/ portal only.

#### *ACCESS TO CAPITAL FINANCIAL INCENTIVES*

##### *INTEREST SUBSIDY*

Industry Category	Area Category	General Industry			Priority Industry			High Priority Industry		
		Eligible Incentive Period (years)	Percentage of incentive (%)	Yearly Maximum limit of subsidy (Rs. Lakh)	Eligible Incentive Period (years)	Percentage of incentive (%)	Yearly Maximum limit of subsidy (Rs. Lakh)	Eligible Incentive Period (years)	Percentage of incentive (%)	Yearly Maximum limit of subsidy (Rs. Lakh)
Micro and Small Industries	A	5	40	10	6	50	15	7	50	20
	B	6	45	15	7	50	20	8	50	25
	C	7	55	25	8	60	30	9	60	35
	D	8	65	30	10	70	40	11	70	45
Medium and Large Industries	A	5	25	20	5	35	30	6	35	35
	B	5	30	30	5	40	40	7	40	45
	C	7	50	40	8	60	50	9	60	55
	D	8	60	40	10	70	50	11	70	55

##### *FIXED INVESTMENT SUBSIDY*

Fixed capital investment subsidy for eligible Micro industries established by entrepreneurs of general category will be as details given below

Industry Category	Area Category	General Industry		Priority Industry		High Priority Industry	
		Eligible percentage of fixed capital investment (%)	Maximum limit of capital investment subsidy (Rs. Lakh)	Eligible percentage of fixed capital investment (%)	Maximum limit of capital investment subsidy (Rs. Lakh)	Eligible percentage of fixed capital investment (%)	Maximum limit of capital investment subsidy (Rs. Lakh)
Micro Industries	A	20	10	30	14	35	15
	B	25	12	35	16	40	18
	C	30	15	40	18	45	20
	D	40	18	50	20	55	24

## TAXATION

### *Net State Goods and Services Tax (Net SGST) Reimbursement: Only for Small, Medium, and Large Industries*

Area	General Industry	Priority Industry	High Priority Industry
Category A Annexure – 7(A)	Reimbursement of Net State Goods and Services Tax (Net SGST) paid for a period of 5 years from the date of commencement of commercial production with maximum limit up to 35% of fixed capital investment	Reimbursement of Net State Goods and Services Tax (Net SGST) paid for a period of 7 years from the date of commencement of commercial production with maximum limit up to 40% of fixed capital investment	Reimbursement of Net State Goods and Services Tax (Net SGST) paid for a period of 9 years from the date of commencement of commercial production with maximum limit up to 45% of fixed capital investment
Category B Appendix – 7(B)	Reimbursement of Net State Goods and Services Tax (Net SGST) paid for a period of 7 years from the date of commencement of commercial production with maximum limit up to 40% of fixed capital investment	Reimbursement of Net State Goods and Services Tax (Net SGST) paid for a period of 8 years from the date of commencement of commercial production with maximum limit up to 45% of fixed capital investment	Reimbursement of Net State Goods and Services Tax (Net SGST) paid for a period of 10 years from the date of commencement of commercial production with maximum limit up to 50% of fixed capital investment
Category C Appendix – 7(C)	Reimbursement of Net State Goods and Services Tax (Net SGST) paid for a period of 8 years from the date of commencement of commercial production with maximum limit up to 45% of fixed capital investment	Reimbursement of Net State Goods and Services Tax (Net SGST) paid for a period of 10 years from the date of commencement of commercial production with maximum limit up to 55% of fixed capital investment	Reimbursement of Net State Goods and Services Tax (Net SGST) paid for a period of 12 years from the date of commencement of commercial production with maximum limit up to 65% of fixed capital investment
Category D Appendix – 7(D)	Reimbursement of Net State Goods and Services Tax (Net SGST) paid for a period of 10 years from the date of commencement of commercial production with maximum limit up to 50% of fixed capital investment	Reimbursement of Net State Goods and Services Tax (Net SGST) paid for a period of 12 years from the date of commencement of commercial production with maximum limit up to 75% of fixed capital investment	Reimbursement of Net State Goods and Services Tax (Net SGST) paid for a period of 15 years from the date of commencement of commercial production with maximum limit up to 100% of fixed capital investment

#### NOTE:

1. The amount of reimbursement permissible under Net State Goods and Services Tax (Net SGST) for Mega and Ultra Mega Industries will not exceed the maximum ceiling allowed for the large industry under this policy
2. Annual eligibility of Net State Goods and Services Tax (Net SGST) reimbursement for eligible units shall be determined by dividing the total eligible quantum of incentive equally within the eligible incentive period defined maximum annual incentive or net SGST paid for the particular year under consideration, whichever is less.

## DIGITALISATION AND TECHNOLOGICAL UPGRADATION

### *TECHNOLOGY PURCHASE SUBSIDY*

New and existing Micro, Small, Medium industry, Large industry and Mega and Ultra- Mega projects category excluding saturated category industries established in the State shall be reimbursed 50% of the amount spent on purchase of technology from the NRDC or other Govt. research Centre, up to a maximum limit of Rs. 10 Lakh

## R&D, INNOVATION AND IPR

### *QUALITY CERTIFICATION SUBSIDY*

The new and existing Micro, Small and Medium category industries established by general category entrepreneurs in the State shall be reimbursed 50% of the amount spent, maximum Rs. 5 Lakh for obtaining ISO 9000, ISO14000, ISO18000, ISO22000 category, IS certification, ZED certification, Bureau of Energy Efficiency (BEE) certification LEBP certification in the field of new and renewable energy, Euro Standard or other similar national / international certification

### *TECHNICAL PATENT SUBSIDY*

New and existing Micro, Small, and Medium industries established by general category entrepreneurs in the State shall be reimbursed 50% of the amount spent in obtaining patent up to a maximum limit of Rs.10 Lakh as encouragement based on Original work/ Research on successfully Registration & Sanctioned patent.

## WOMEN ENTREPRENEUR INITIATIVES

Scheduled caste/tribe, Women Entrepreneurs, Retired Soldiers, Naxal affected person, third gender entrepreneurs and entrepreneurs of Disabled category of the State will get 25% Margin Money Subsidy on capital investment of Rs.5 Crores for establishment of new industry, maximum limit will be Rs.50 Lakh.

## NON FISCAL INCENTIVES

### *Marketing Support*

- I. For the purpose of ensuring procurement from MSME units located within the State, efforts will be made for successful implementation of the MSME Procurement Policy effective in Central PSUs, accordingly all PSUs in the state will be pursued to submit quarterly purchase detail of items and their suppliers to the respective District Trade & Industries Centers.
- II. By making necessary amendments in The Chhattisgarh Store Purchase Rules, a digital marketing platform E-MaNe-C (E Marketing Network of Chhattisgarh) has been developed for the purchase of various items by the State Government Departments/

Corporations/ Boards / Commissions / Institutions. This will ensure quality and transparency in the Government procurement and encouragement of industries in the State.

- III. To make MSME Facilitation Council more effective.
- IV. Make provision for assistance for State industries to participate in various national & international exhibitions & trade fairs to explore new markets for their products
- V. Preference in Government purchase to the units set up by Start-Ups in the State.

#### *EXPORT FACILITATION*

- I. Coordination for special tax rebates for the products exported by the industries of the State
- II. To ensure competitiveness for the products exported from the State industries, provision for transport subsidy to nearest harbor/seaport.
- III. Necessary steps to ensure the quality of goods to be exported from the State.
- IV. To organize regular Buyer Seller meets.
- V. Maximum utilization of Regional office of APEDA (Agricultural & Processed Food Products Export Development Authority) proposed at Nava Raipur.
- VI. Coordination with National level institutions to promote export of Gramodyog products.

#### *ENTERPRENEURSHIP DEVELOPMENT & SKILL UPGRADATION*

- I. District level entrepreneurship development training programs will be organized in collaboration with District Trade & Industries Centers, industries associations & various educational institutions.
- II. To make the curriculum of Higher education and professional courses more job oriented, necessary coordination for inclusion of additional syllabus in consultation with different industries associations and experts for providing employment in local industries.
- III. Provision of integrated single online platform having details of various skill development programs offered by State & Central Government and to facilitate employment opportunities in the local industries.
- IV. Develop effective ecosystem for promoting Startups.
- V. To promote Startups in the State, extension and rationalization of incentives.
- VI. Efforts to setup incubators to encourage Startups.

#### *CLUSTER DEVELOPMENT*

Efforts for identification of potential Clusters for industries based on stone cutting, rice, pulses and poha making and coordination with district level Industry associations for this purpose

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## BEST PRACTICES FOLLOWED BY GOA FOR MSMEs

### Introduction

The economy of India's favorite beach destination depends on tourism, with 40% of its population directly or indirectly dependent on it. Diminished tourism revenues due to pandemic-induced lockdowns and travel restrictions had severely impacted the cash flows of small businesses. Further, many were engaged in work for government agencies, with significant receivables. But payments were delayed because the state government itself was dealing with its own set of problems.

### Objectives

- To promote the development of micro, small and medium enterprises including enterprises engaged in providing or rendering services, hereinafter shall be referred to as micro, small and medium enterprises including service enterprises in the State of Goa.
- To attempt to bring every micro, small and medium enterprise within the membership fold of the GSIA.
- To promote and maintain co-operation among the individual members of the GSIA.
- To establish and promote effective Liaison between the GSIA on one hand and Govt., Local bodies, the public, and society at large on the other.
- To make representations to the Government, Union or State and other authorities, corporations, and other bodies on matters affecting the interest of the members; micro, small and medium enterprises including service enterprises and the public at large.
- To provide facilities for exchange of information and opinion of interest to micro, small and medium enterprises including service enterprises and the public at large.
- To organize exhibitions and to undertake studies, surveys, study tours research projects, and training programs for the benefit of the members and public at large.
- To further the cause of Micro, Small, and Medium Enterprises including service enterprises by holding consultations with Union and State Government and other bodies.

### STRATEGIES ADOPTED

- After liberation and with the introduction of planned Economic Development, the state has made rapid strides in the field of Industrial Development. The growth of the large, medium, and small-scale industries are spectacular during the last 2 decades. As of March 1997, there are 95 medium and large scale units in the state manufacturing variety of products like Chemical fertilizers, Automobile Tyres, Pesticides, Pharmaceuticals formulation, Telecommunications equipment, Electronic products, Transport equipment, Oceangoing Vessels, etc. The total investment in plant & Machinery of the units is Rs.35000 lakhs, have total installed capacity to produce goods worth Rs.1,30,000 lakhs. Total employment in DGTD units in Goa state is more than 15000 Nos. Annual production is to the tune of Rs. 80,000 lakhs.
- The industrial policy of Goa aims to harness the human resources of the state, improve the quality of life of the citizens, and preserve the pollution-free environment of Goa. It aims to provide an efficient system of approvals wherever needed and give thrust to export-oriented industries while encouraging foreign investments in the state. There is tremendous scope for

promoting the tourism and service sectors and there is a constant effort to upgrade educational institutions to synergize with the increased sophistication in industrial growth.

- The selective approach to new industrial approval is the salient feature of the industrial policy of the state. The setting up of large and medium industries policy requires approval of high power coordination committee headed by the chief minister. The committee examines the type of unit proposed to be set up from the viewpoint of the environment and the existing infrastructure. This simplifies the process considerably and entrepreneurs need not pursue their goals with several departments. Power intensive units are not encouraged in the state. As far as S.S Units are concerned provisional registrations are issued within 24 hours on receipt of applications and permanent registration is given once the units start production. Cottage Industries ie. Industries with an investment of less than Rs. 50,000 in plant machinery and using less than 5 HP Electrical power are exempted from obtaining a license from Municipality, Panchayat and NOC from Health Department.
- MSME industries will be encouraged in villages and rural areas to achieve dispersal of industries and to reduce unemployment in rural areas. All 16 industrial estates are located in rural areas and are classified as a rural industrial estate. As per the new industrial policy, the major thrust is given for infrastructure development. Goa industrial development corporation has so far set up 16 industrial estates, constructed more than 600 industrial sheds, and developed more than 1200 industrial plots. There is at least one industrial estate in all the talukas of the state.
- Two state financial corporations ie. Economic Development Corporation of Goa Ltd. and Maharashtra State Financial Corporation Ltd. are functioning in the state extending term loan assistance to S.S entrepreneurs through several schemes. GHRSSIDC Ltd. caters to the raw materials as well as marketing needs of the S.S.Units of the state. KVIB is also functioning in the state extending financial assistance to village and cottage industries.
- Almost all the national-level industrial promotional agencies are functioning in the state. SIDBI, SISI, NSIC, KVIC, IFCI, IDBI, ET&DC and CIPET have offices in the state of Goa. Goa has a UNDP-assisted Toolroom and Training center. Further, the state has a network of more than 250 branches of various commercial banks and cooperative banks supplementing the efforts of EDC and MSFC in extending financial assistance to the trade industry, tourism, and service sectors.
- In the new liberalized environment, a new thrust is being given to encourage private sector investment in infrastructure projects like roads, ports, power, and water. A PPA has been signed for setting up a 40 MW power plant in the private sector to augment the power availabilities in the state.

## BEST PRACTICES FOR MSMEs

The following are the package of incentives offered to industries as per the new industrial policy.

- One of the most attractive incentives offered by the Goa State Government is the **25% subsidy on fixed capital investment** limited to Rs.25.00 lakhs.
- The **sales tax exemption facility** available to the new small-scale units will be linked to investment also as an alternative and not as a substitute. Sales Tax exemption facility is thus available for 15 years for small scale units and 12 years for large and medium scale units or up to sales tax liability amount equal to the capital cost of the project whichever is reached later. The existing Sales tax deferment schemes will also continue except that they will be modified to operate on the same parameters as mentioned above. The Government has decided that the benefit of sales tax exemption is allowed up to the last point of sale.

- **Electricity and water** will be supplied to customers **less than 25% below** the commercial tariff.
- The State Government is **remitting 50% of the stamp duty** paid under the Stamp Duty Act in respect of bonds or mortgage deeds executed in favour of EDC, MSFC, and scheduled commercial banks and lease deed documents in respect of allotment of plots and sheds by GDDIDC.
- **Price preference** at the rate of 15% on the purchase made by the Government Departments is available to the registered small-scale units with effect from June 1970.
- **Ready-built industrial sheds and plots** on rental as well as purchase basis are made available by GDDIDC to prospective SSI entrepreneurs as well as women entrepreneurs on a preferential basis.
- Goa Industrial Development Corporation is offering **subsidies to the extent of 50%** of the cost of preparation of feasibility studies prepared by the Government industrial consultancy organizations.
- **Loans** are given by the Directorate Industries and Mines under the Goa State Aid to Industries act. Bridge loan to the extent of 50% of the margin is also given by the Industries and Mines Department.
- Subsidy up to 50% of the cost of **power generating sets** (limited to a maximum of Rs. 1 lakh purchased by small scale units is given by the State Government.

## INCENTIVES BY THE CENTRAL GOVERNMENT

- New units are **exempted from payment of Income Tax** for the first 5 years.
- The Small Industry Development Bank of India provides **concessional financial assistance** to small-scale industries through its scheme of refinance loans granted by scheduled commercial banks, Economic Development Corporation, and Maharashtra State Financial Corporation to the extent of 90% of loans sanctioned by financial institutions.
- **Seed capital or margin money** loan scheme is also operated by Small Industries Development Bank of India through EDC and MSFC to the extent of 20% of the cost of the project depending upon the merit of each case.
- **Composite loan scheme** to the artisans up to a maximum of Rs.50,000/- is operated by EDC and MDFC for purchase of machinery and equipment as well as for working capital requirement.
- Small Industries Service Institute has been granting 50% **concession** on its prescribed charges for the various consultancy services rendered by the Institute or the prospective and existing entrepreneurs. 50% concession is also available to the job charges of its common facility workshop in general engineering located at the Institute's premises of Quepem Road, Margao.
- Indigenous as well as imported machinery have been supplied to small-scale entrepreneurs on a **hire purchase** basis by NSIC. Being a backward area, terms and conditions are liberalized.
- **Non-resident Indians** can import capital goods and raw materials without indigenous clearance and other formalities.
- To give fill up to production in the small scale sector, certain products are **exempted from payment of excise duty** and partial relaxation has been made for several products. The policy is being reviewed from time to time.

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## BEST Practices Followed by Gujarat for MSMEs

### Introduction

Gujarat has established itself as a global business destination for next generation sustainable manufacturing and service industry that stimulate development and balanced regional growth. Being a real backbone of the State Economy and Social Development, the **Micro, Small and Medium Enterprise (MSME)** sector emerged as one of the fastest growing post liberalization in Gujarat and the nation. MSME sector not only works as catalyst to generate Entrepreneur spirit but it is on the way to become largest employment generator in India.

Gujarat has taken various initiatives including Industrial Policy 2020 for further consolidate existing momentum and enhance the current growth rate. Amid difficult times of COVID-19, new industrial policy have focused on MSMEs and various aspects including employment generation with focus on research and development and to propel the state further towards **“Atmanirbhar Gujarat”**. I am sure this compendium of guidelines and schemes related to MSME will be very useful not only to existing Entrepreneurs but also for the potential Industrialists, Bankers and all other stakeholders. The initiative of collating the central and state level schemes as a compendium for the industry sector by **State Level Bankers Committee (SLBC)** is highly commendable. I congratulate entire team for their efforts and hopes that it will help and encourage the entrepreneurship spirits to grow.

### Objectives

- To help the MSMEs in this difficult situation in terms of finance, raw materials, labour, permissions, etc.
- To help the MSMEs capture new opportunities in manufacturing and services sectors.
- To identify the sparks, i.e., the bright MSMEs who can withstand at present and become national and international champions..
- International trade advisor for MSMEs.
- Provide all facilities to MSMEs under one roof for Export Create Linkages with advisory bodies such as Export Promotion Council/Commodity Boards/Export Development Authorities. Export Facilitation Centre is established in MSME-DI, Ahmedabad.

### BEST PRACTICES FOR MSMEs



## ACCESS TO CAPITAL AND FINANCIAL INCENTIVES

### *Micro and Small Enterprises Sector – The imperative of Financial Literacy and consultancy support*

- I. To effectively address handicaps/ bottlenecks in MSME sector like high extent of financial exclusion, lack of financial literacy, operational skills, including accounting and finance, business planning etc. banks to either separately set up special cells at their branches, or vertically integrate this function in the Financial Literacy Centres (FLCs) set up by them, as per their comparative advantage.
- II. The bank staff to be trained through customised training programs to meet the specific needs of the sector.
- III. Financial Literacy Centres operated by Scheduled commercial banks to conduct target specific financial literacy camps, where one of the target groups is small entrepreneurs.

### *Structured Mechanism in banks for monitoring the credit growth to the MSE sector*

- I. Strengthen their existing systems of monitoring credit growth to the sector
- II. Put in place a system-driven comprehensive performance management information system (MIS) at every supervisory level (branch, region, zone, head office) which should be critically evaluated on a regular basis;
- III. Put in place a system of e-tracking of MSE loan applications and monitor the loan application disposal process in banks, giving branch-wise, region-wise, zone-wise and State-wise positions. The position in this regard is to be displayed by banks on their websites.

### *Debt Restructuring Mechanism for SMEs*

All scheduled commercial banks are to follow the guidelines / instructions pertaining to SME Debt Restructuring.

### *Streamlining flow of credit to Micro and Small Enterprises (MSEs) for facilitating timely and adequate credit flow during their 'Life Cycle':*

Banks to facilitate timely and adequate availability of credit to viable MSE borrowers especially during the need of funds in unforeseen circumstances:

- To extend standby credit facility in case of term loans
- Additional working capital to meet with emergent needs of MSE units
- Mid-term review of the regular working capital limits, where banks are convinced that changes in the demand pattern of MSE borrowers require increasing the existing credit limits of the MSMEs, every year based on the actual sales of the previous year.

*Targets / sub-targets for lending to Micro, Small and Medium Enterprises (MSME) sector by Domestic Commercial Banks and Foreign Banks operating in India*

- Advances to MSME sector shall be reckoned in computing achievement under the overall Priority Sector target of 40 percent of Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure (CEOBE), whichever is higher.
- Domestic Commercial Banks and foreign banks with 20 branches and above to achieve a sub target of 7.5 percent of ANBC or CEOBE, whichever is higher, for lending to Micro Enterprises.

*Issue of Acknowledgement of Loan Applications to MSME borrowers*

- I. Banks to mandatorily acknowledge all loan applications, submitted manually or online, by their MSME borrowers.
- II. Banks put in place a system of Central Registration of loan applications, online submission of loan applications and a system of e-tracking of MSE loan applications.

*No Collateral Security for loans up to ` 10 lakhs*

- I. Banks are mandated not to accept collateral security in the case of loans up to ` 10 lakhs extended to units in the MSE sector.
- II. Banks to extend collateral-free loans up to ` 10 lakhs to all units financed under the Prime Minister Employment Generation Programme (PMEGP) administered by KVIC. Banks may, on the basis of good track record and financial position of the MSE units, increase the limit to dispense with the collateral requirement for loans up to ` 25 lakhs.

*Composite Loan*

- I. Banks can sanction a composite loan limit of `1 crore to enable the MSE entrepreneurs to avail of their working capital and term loan requirement through Single Window.

*Specialised MSME Branches*

- II. Public sector banks to open at least one specialised branch in each district.
- III. Banks are permitted to categorise their general banking branches having 60% or more of their advances to MSME sector as specialized MSME branches.
- IV. Banks to ensure specialized MSME branches in identified clusters/centres with preponderance of small enterprises to enable the entrepreneurs to have easy access to the bank credit. Banks to train the officials posted in such branches appropriately.

*Empowered Committee on MSMEs*

- I. Empowered Committees on MSMEs to be constituted at the Regional Offices of Reserve

Bank of India, under the Chairmanship of the Regional Director.

- II. The Committee to meet periodically and review the progress in MSME financing as also revival and rehabilitation of stressed Micro, Small and Medium units.
- III. Coordinate with other banks/financial institutions and the state government in removing bottlenecks, if any, to ensure smooth flow of credit to the sector.

#### *Cluster Approach*

- I. All SLBC Convenor banks to incorporate in their Annual Credit Plans, the credit requirement in the clusters identified by the Ministry of Micro, Small and Medium Enterprises, Government of India and review their institutional arrangements for delivering credit to the MSME sector.
- II. They are also encouraged to extend banking services in such clusters / agglomerations which have come up and identified subsequently by SLBC / DCC members.
- III. Each lead bank of a district may adopt at least one MSE cluster.
- IV. Clusters may be identified based on factors such as trade record, competitiveness and growth prospects and/or other cluster specific data.

#### *Framework for Revival and Rehabilitation of MSMEs for banks*

- I. Put in place loan policies governing extension of credit facilities, Restructuring/Rehabilitation policy for revival of potentially viable sick units / enterprises.
- II. Non- discretionary One Time Settlement scheme for recovery of nonperforming loans for the MSE sector, with the approval of the Board of Directors.
- III. To identify incipient stress in the account by creating three sub-categories under the Special Mention Account (SMA) category.
- IV. Committee approach to be adopted for deciding corrective action plan.
- V. Timelines have been fixed for taking various decisions under the Framework.

#### *Interest Subvention Scheme for MSMEs*

- I. The Scheme aims at encouraging both manufacturing and service enterprises to increase productivity and provides incentives to MSMEs for on-boarding on GST platform which helps in formalization of economy, while reducing the cost of credit.
- II. SIDBI acts as a Nodal Agency for the purpose of channelizing of interest subvention to the various lending institutions through their Nodal office.
- III. Interest relief of 2 per cent per annum to eligible MSMEs on their outstanding fresh/incremental term loan/working capital during the period of its validity (extended up to FY2021).
- IV. Coverage of the Scheme is limited to the extent of `1 crore.
- V. MSME exporters availing interest subvention for pre-shipment or post-shipment credit will not be eligible.
- VI. MSMEs already availing interest subvention under any of the Schemes of the State/ Central Govt. will not be eligible under the proposed Scheme.

### *Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances*

- I. ·In view of the continued need to support the viable MSME entities on account of the fallout of Covid-19, a one-time restructuring of existing loans to MSMEs classified as 'standard' without a downgrade in the asset classification is permitted. The aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower does not exceed ₹25 crore as on March 1, 2020. The limit for aggregate exposure has been increased to ₹50 crore from June 04, 2021.

### *Composite criteria of investment and turnover for classification*

A composite criterion of investment and turnover shall apply for classification of an enterprise as micro, small or medium.

·If an enterprise crosses the ceiling limits specified for its present category in either of the two criteria of investment or turnover, it will cease to exist in that category and be placed in the next higher category but no enterprise shall be placed in the lower category unless it goes below the ceiling limits specified for its present category in both the criteria of investment as well as turnover.

· All units with Goods and Services Tax Identification Number (GSTIN) listed against the same Permanent Account Number (PAN) shall be collectively treated as one enterprise and the turnover and investment figures for all of such entities shall be seen together and only the aggregate values will be considered for deciding the category as micro, small or medium enterprise.

### *Priority Sector Lending (PSL) Guidelines for MSME sector*

#### *Factoring Transactions (not applicable to Regional Rural Banks-RRBs and Urban Co operative Banks-UCBs)*

With Recourse' Factoring transactions by banks.

The borrower's bank shall obtain from the borrower, periodical certificates regarding factored receivables to avoid double financing/ counting. Further, the 'factors' must intimate the limits sanctioned to the borrower and details of debts factored to the banks concerned, taking responsibility to avoid double financing.

Factoring transactions pertaining to MSMEs taking place through TReDS shall also be eligible for classification under priority sector.

### *Khadi and Village Industries Sector (KVI)*

· All loans to units in the KVI sector will be eligible for classification under the sub-target of 7.5 percent prescribed for Micro Enterprises under priority sector.

### *Other Finance to MSMEs*

- Loans up to ₹50 crore to Start-ups.
- Loans to entities involved in assisting the supply of inputs and marketing of output of artisans, village and cottage industries.
- Loans to co-operatives of producers in the decentralized sector viz. artisans, village and cottage industries (Not applicable for UCBs).
- Loans sanctioned by banks to NBFC-MFIs and other MFIs (Societies, Trusts etc.) which are

members of RBI recognised Self-Regulatory Organisations (SRO) for the sector for on-lending to MSME sector.

- Credit outstanding under General Credit Cards (including Artisan Credit Card, Laghu Udyami Card, Swarojgar Credit Card and Weaver's Card etc. in existence and catering to the non-farm entrepreneurial credit needs of individuals).
- Overdraft to Pradhan Mantri Jan-Dhan Yojana (PMJDY) account holders.
- Outstanding deposits with SIDBI and MUDRALtd. on account of priority sector shortfall.

#### *Export Credit (not applicable to RRBs and Local Area Banks-LABs)*

Export credit under MSME sectors are allowed to be classified as PSL in the respective categories viz. agriculture and MSME.

## DIGITALISATION AND TECHNOLOGICAL UPGRADATION

*ZED Certification* - The Scheme Envisages Zero Defect Zero Effect (ZED) manufacturing amongst MSMEs and ZED Assessment for its Certification for:

- Encouraging & enabling MSMEs for manufacturing qualitative products by using latest technology tools and achieving upgradation of process with higher productivity.
- Least effect to the environment.
- Developing of Ecosystem for enhancing competitiveness & export potentials
- Reduce waste, economy in energy consumption and increase sustainability
- Expansion of markets.
- ZED Certification can be attained in five levels:

Level 1: Self Certification: BRONZE

Level 2: Conformity with Standards: SILVER

Level 3: Striving for Excellence: GOLD

Level 4: Achieving Excellence: DIAMOND

Level 5: ZED Certification: PLATINUM

- Reimbursement of 80% for Micro, 60 % for Small and 50% for Medium of cost of certification by accredited agencies / labs, subject to an upper ceiling to be decided by PMAC. Assistance to MSMEs for Gap Analysis, Hand holding, Consultancy for improving rating

Implementing Agency: MSME Dis, TCs, State governments and its organizations/agencies; Central

government ministries and their connected agencies/organizations; technical institutions; Industry Associations.

#### *Lean Manufacturing Competitiveness Scheme For MSME*

- Assistance up to 80% charge to consultant. After the achievement of first stage (preparation and acceptance of DSR), the SPV will pay its contribution to the LMC (first tranche of 20% fee) to reduce wastes, increase productivity, become vendor to CPSUs, new products & process etc

#### *Promotion of Information and Communication Technology (ICT) In MSME Sector (Digital MSME)*

- Benefits of Cloud Computing:
  - Hardware/software and infrastructural facilities.
  - The Cloud Computing operations are readily scalable.
  - The use of Cloud Computing facilitates device and location independent access.
  - Maintenance/ updation of Software is not the responsibility of the users.

## R&D, INNOVATION AND IPR

#### *Building Awareness on Intellectual Property Rights (IPR) For MSMES*

Assistance for Grant of Patent\GI Registration: `1 Lakh for Domestic Patent, `5 Lakhs for Foreign Patent and `2 Lakhs for GI Registration and `10,000

#### *Support for Entrepreneurial & Managerial Development to SMEs through Incubators*

- After approval of idea/project, variation of up to 25% of expenditure under various sub heads within total budget of max. `15 lakhs per idea. Incubation Centre must ensure 20% incubates belongs to SC/ST Categories. Grant of `1 crore for establishment of Incubation Centre as a Host Institute.
- Assistance of up to `1 crore as grants in aid for the seed capital support to appropriate Incubates shall be provided. Financial assistance may be given in the form of soft loan, interest free loan, equity participation, grant or combination of this etc.

## NON FISCAL INCENTIVES

#### *Procurement & Marketing Support Scheme (PMS)*

#### *Participations in Domestic Trade Fair/ Exhibition*

- @80 % to general category & 100% to SC/ST/women/NER/PH units of space rent and Maximum `25,000 for other eligible contingency expenditure or actual/less will be reimbursed to participating Micro or Small enterprises. Maximum Budgetary Support: for Metro Cities `1.50 Lakhs-

Actual/whichever is less, for B Class cities: `1 Lakh-Actual/whichever is less and for other cities: `0.80 Lakh-Actual/whichever is less. An individual MSE can avail reimbursement for 2 events in a year. Implementing Agency shall submit proposal for at least 10 MSEs for benefit.

#### *Organising/Participation in Trade Fairs/Exhibitions by the Ministry/Office of DC (MSME) / Government Organisations:*

- Maximum amount for hiring of built up space to organize/participate in Regional/National International events will be of `15 lakhs and `25 lakhs respectively. The participating units will be provided space rent subsidy @80% for General category units and @100% for SC/ST/women/NER/PH units subject to one booth/ stall per unit and for minimum booth/stall size and Maximum `25,000 for other eligible contingency expenditure or actual/less will be reimbursed to participating Micro or Small enterprises. The total subsidy will be within the upper limit as mentioned above. The exclusive trade fairs for Self Help Groups (SHGs)/artisans/NER MSEs will be held with 100% space rent subsidy. However, the upper limit of subsidy will be equally applicable to them also.

#### *Capacity Building of MSME In Modern Packaging Technique:*

- Unit based interventions for specific packaging requirements. 80% of total cost paid to empanelled agency / consultancy organization for General category units and 100% for SC/ST/Women/NER/PH units limited to `1 lakh (Incl. of all taxes) or actual whichever is less is less for ordinary packaging consultancy & limited to `1.5 lakhs (Incl. of all taxes) or actual whichever is less, for green packaging consultancy. The empanelled Organisations are Indian Institute of Packaging (IIP) & NID.

#### *Development of Marketing Haats*

- For the Project of construction of new Haat, maximum sanction amount will be `1 crore Subject to 50% contribution by the Implementing Agency and, for renovation of existing maximum amount of `40 Lakhs subject to 50% contribution by the Implementing Agency.

#### *Vendor Development Programmes*

- To facilitate market linkages for effective implementation of Public Procurement Policy 2012. Assistance of `1 lakh for organizing One Day Vendor Development Programme and `10 Lakhs max. or actual or whichever is less, for A Class Cities and `7 Lakhs max. for other cities for organizing 2-3 Days Vendor Development Programme to DIs respectively.

### *International/National Workshops/Seminars*

- To educate about Product & Process Development Innovations, Technological Development, IPR, EXIM Policy, Public Procurement Policy, Design, Packaging, Market Research and Access. `5 Lakhs max. or actual or whichever is less, per Workshop/Seminar anywhere. Additional `2.50 Lakhs. max. or actual or whichever is less, for travel/boarding & lodging for foreign speakers.

### *Awareness Programmes*

- To create overall awareness about trade fairs, digital advertising, e-marketing platform, GST, GeM portal and other such related topics etc. `70,000/- per programme to Implementing Agency.

### *International Cooperation Scheme*

- I. Participation (as exhibitors) of MSME Delegations: in International Exhibitions, Trade fairs and Buyers-sellers Meets in Foreign countries by Industries Associations and Govt. Organisations.

#### Objectives:

- Exploring potential markets for exports.
- Seeking Joint Ventures.
- Exploring awareness about latest Technologies.

- II. Organising International conferences\Summits\Workshops\Seminars in India on relevant themes by Industries Associations and Govt. Organisations.

- III. Organising Mega international Summits\Workshops\Seminars abroad by Industries Associations and Govt. Organisations for promotion of MSMEs.

- IV. Organising Mega international Summits\Workshops\Seminars, bilateral\Multilateral Govt. to Govt. Events in India by M\o MSME solely or in partnership with Industry Association for promotion of MSMEs.

- VI. Participation of Ministry led Industrial Delegations to International exhibitions\Fairs\Conferences in foreign countries.



# BEST PRACTICES Followed by Haryana for MSMEs

## Introduction

In India, the MSME Sector has made immense contributions to economic & social development of the Country. It fosters entrepreneurship, innovation and supplies a wide variety of goods & services to domestic and global markets. As per the National Sample Survey (NSS) 73rd Round conducted in 2015-16 the MSME Sector has created about 11.10 Crore jobs (Manufacturing, Trade and Services). Furthermore, it is an established fact that the MSME sector contributes about 45% to the Manufacturing output in India, 40% to total exports, thus demonstrating its criticality as the backbone of the Indian Economy, and an integral cog in the Global Industrial Market machinery.

## STRATEGIES ADOPTED

- I. Long term vision - Acknowledge the need to implement a strategic long-term oriented approach to the innovation system building instead of short-term financial objectives
- II. Innovation focus - Linear innovation model should be replaced with the balanced interaction based approach. Innovation should not be equated with R&D and a much broader focus is needed on all levels of the society, with the understanding that non-R&D dimensions of innovation are equally important for developing economies.
- III. Judicious balance in leveraging technology - Discrimination of low tech industries allocating the majority of resources into creation of the high-tech sector is not an appropriate policy for developing economies. Instead they should be seen in symbiotic partnership – continued viability of the high-tech sector depends on the vitality of low-tech industries.
- IV. Diffusion - More attention should be given to the development of the system of absorption and diffusion of knowledge produced outside and inside of the catching-up economies. On the firm level it requires activities in two directions: firstly, encourage motivations of firms to change; secondly, support the process of building absorptive capacities of the firms. Networking needs to be improved.
- V. Integration of entities - Sustainability of economic development could not be achieved relying only on the innovation activities of foreign investors and their global networks. Integration of local firms into networks of foreign investors should be supported. Selection must be used by FDI policy in catching-up economies.
- VI. Job Creation - Human capital development is important. But investments into the education system and particularly into higher science and engineering educational institutions should be coupled with the growth of employment opportunities requesting those skills.

- VII. Organization Management skill- Lack of managerial and organizational skills is a very important barrier of innovation in organizations (even more than better access to modern technology and should not be overlooked.
- VIII. Benchmarking Assessments of current scenario - Appropriate technology policy methods for developing countries could be worked out only after a general audit of technological absorption capacity of the whole population of firms. The results of audit and benchmarking should be widely used inside the national innovation system to encourage the motivation to learn.
- IX. Jump to Tomorrow - Technological path-dependency could be used by developing economies not as a threat but as an opportunity. The lock in position in the field of technology could mean that the resistance to change is weak and offers an opportunity to skip the whole generation of technology and introduce new solutions.

## BEST PRACTICES for MSMEs

### INFRASTRUCTURE

#### *Land Availability*

- I. 12,000 acres of new land made available by HSIIDC
- II. 3000 no' of Industrial plots
- III. Panchayat land for industrial use is under consideration
- IV. Industrial license to developers
- V. Provision of Auto CLU/ No CLU

#### *Power Surplus*

- I. Considerably reduced power tariff for new investments (to be announced very soon)
- II. 100% electrification since 1970
- III. 11,102MW of installed power capacity
- IV. 100% Rural electrification

#### *Strong Dynamic Market*

- I. 13 districts of the state are a part of National Capital Region (NCR) which is one of the largest production, consumption and trade zones in India
- II. Access to more than 11% of India's population,
- III. Two Industrial corridors (DMIC & AKIC) passing through Haryana
- IV. 21 National Highways passing through Haryana

**Concession on land price:** For mega or ultra-mega projects, where the project proponent has been engaged in the manufacturing business (in India or abroad) for at least a period of 20 years and wherein the product proposed to be manufactured in the State fulfils the objective of import substitution, the project proponent shall be eligible for a concession in land allotment price by HSIIDC up to 50% of prevailing land allotment price of HSIIDC in C & D category Blocks and up to 25% in B Category Blocks.

HEPB will be the competent authority to grant this concession on the recommendation of Empowered Executive Committee

- **For General industrial:** The facility of enhanced FAR of 50% beyond the general level of 150% up to 200% in case of general industries shall be permissible subject to payment of proportionate increasing EDC and conversion charges at existing rates (in the form of augmentation charges) or as may be prescribed by the State Government /development agency. 4.7.3.
- **For Warehousing:** The facility of enhanced FAR of 75% beyond the general level of 75% upto 150% in case of warehousing shall be permissible subject to payment of proportionate increasing EDC and conversion charges at existing rates (in the form of augmentation charges) or as may be prescribed by the State Government /development agency. 4.7.4. A one-time opportunity shall be provided to units established without obtaining CLU in the confirming zones of the Town and Country Planning Department, to obtain the CLU at a rationalised compounded cost.
- CLU conversion charges shall be rationalised for expansion of units which were originally setup outside controlled area of TCP with NOC but were subsequently brought under controlled area.
- In order to enable Industry to buy land from private players, a mechanism for property title verification for authenticity of land shall be introduced to facilitate land purchase for industry. This authentication mechanism shall have following details:
  - a) Land details (Title)
  - b) Land area as per map, textual record, cartographic map.
  - c) Current possession details
  - d) Litigations/disputes (encroachments etc.)
  - e) Any restriction of land (from NMA, AAI, vicinity of high-tension lines, Metro, gas pipelines etc.)
  - f) Convertibility (from Agriculture to Commercial or Industrial purpose and vice versa)
- To bring ease for investor in property registration the land record shall be digitise with record of past 30 years' land transaction history.
- The step shall be undertaken to move from presumptive land titling system to conclusive land titling system.

#### **Simplified Mechanism for Change of Land Use:**

- In 31 blocks there shall be no need to obtain CLU/ NOC for setting up of Industrial Units (Annexure-4). The provision of Auto CLU for land area upto 1 acre with an automatic dispensation of deemed clearance in industrial zones shall be explored in case the competent authority does not grant the CLU within the prescribed timelines under The Haryana Enterprise Promotion Act 2016 after submission of the requisite documents.
- The provision for the lessee to obtain CLU (for minimum lease period of 30 years) on behalf of landowner shall be made.
- Panchayat land shall be made available to the industry on lease to promote industrialization in rural areas. A suitable policy shall be formulated in this regard.
- Old Industrial Areas of Panipat, Sonapat, Bahadurgarh and Yamuna Nagar: HSIIDC may allow the utilization of land for commercial purposes in addition to industrial use subject to charging of

conversion fee and regularizing of industrial plots bifurcated/ fragmented prior to the issue of the notification by charging bifurcation fee/ or transfer fee as the case may be.

- Timeline for completion of secondary infrastructure: HSIIDC shall be encouraged to complete the secondary level infrastructure within 3 (Three) years of allotment of 25% of the total saleable area as provision of secondary infrastructure is critical to the success of industry.
- Transfer fee: Transfer fee applicable on plots that were sold as freehold shall be rationalised.
- Increased FAR for Flatted Factories: HSIIDC shall allot plot(s) of 2000 sq. mt. and above to developers for creating 'plug and play' facilities with permissible FAR of 250% in order to encourage uptake by micro and small enterprise in industrial
- Increased FAR for Labour Housing: HSIIDC shall allot 2000 sq. mt. plot and above to developers for creating and providing quality labour housing facilities with permissible FAR of 250%. Labour housing shall be available on lease to the Industries in the industrial estate.
- . Reservation for Labour Housing: 10% of area of industrial estates shall be reserved for residential area for labour housing.
- HSIDC shall re-evaluate the Estate Management Procedures (EMP) and make it supportive industrial development of state by rationalising land procedures, charges, operation and maintenance of industrial area and other required activities
- HSIDC shall actively utilise the Government of India Schemes for creation and up-gradation of infrastructure in the industrial estates.
- HSIIDC shall formulate a policy to offer Land on Lease to companies bringing FDI in Haryana and for domestic investment in thrust sectors which may later be converted into free hold basis. The policy shall aim at reducing the upfront cost burden on investors by allowing them to operate on land taken on lease

## EASE OF DOING BUSINESS

In an atmosphere where all the States are competing against each other for attracting investments, the role of business facilitation becomes crucial. The Government of Haryana is determined to create an ecosystem in which the Ease of Doing Business in the State matches and even exceeds the best global standards. The State Government is aware that a hassle-free regulatory environment is accorded the highest priority by the Industrialists/Investors, and accordingly the Government has implemented a very effective Clearance & Facilitation System and will continue to improve and strengthen the existing enablers of EoDB.

**Project Clearance Mechanism:** A two-tier system for project clearances had been created for increasing efficiency under the Haryana Enterprise Promotion Board (HEPB):

- Projects with investments more than INR 10 crore and involving CLU cases of more than one-acre land will be cleared by the Empowered Executive Committee of HEPB.
- Projects with investments upto INR 10 crore and CLU cases upto one acre in conforming zones will be cleared by District Level Clearance Committee headed by Deputy Commissioner. Further, HEPB is responsible for sanctioning of special packages for mega projects, and overseeing timely provision of clearances and deemed clearances. The statutory backing is provided for this implementation under The Haryana Enterprise Promotion Act, 2016.

**Strengthening the Single Window Service (SWS):** The State has implemented a dedicated Single Window System, the Haryana Enterprise Promotion Centre (HEPC), with a statutory backing that provides online approvals in a timely manner and has provisions for deemed clearances. More than 100 industrial clearances such as Consent to Establish, Approval of Building Plans, Electricity Connection, Consent to Operate, Occupation certificate etc. are now being granted through HEPC with all services being delivered within a time frame of maximum 45 day.

To further strengthen the Single Window System the following initiatives will be undertaken:

- More than 150 services/ clearances/ approvals etc. related to industrial units have been notified under Right to Service Act. Additional services / clearances relating to industrial activity shall be notified under the Right to Service Act with an ongoing focus on rationalising timelines, application procedures and application fees.
- A process re-engineering exercise shall be conducted to identify and remove redundant processes and minimise interdependency of approvals (such as Change of Land Use (CLU) requirement for obtaining Factory Registration / licence and Consent to Establish (CTE)/ Consent to Operate (CTO) wherever viable.
- Digi Locker shall be integrated in the Single Window System to avoid hassle to investors of re-uploading documents.
- Investor Feedback mechanism has been integrated in the Single Window System to facilitate data collection and improve service delivery.
- All requisite Districts Level Business Reforms shall be integrated in the Single Window System to increase information dissemination.
- System of auto-notifications to the investor through SMS or Email for renewal of licenses and payment of fees has been integrated in the Single Window System.
- Business clearances and approvals applicable for different sectors shall be grouped and made available on HEPC Portal in such a way that any industrial unit belonging to a particular sector shall be able to easily obtain information on the clearances and approvals required for operating in that sector in the State.
- The business eco system shall be made more conducive by rationalising the existing rules, regulation in a way which reduces number of processes, time taken and cost.

**Strengthening Central Inspection System (CIS):** The Government of Haryana launched the Central Inspection System in October 2017 and it has been ranked as a Best Practice in the country as part of the EoDB State ranking 2017-18 by DPIIT, Govt. of India. To further strengthen the Central Inspection System in such a way that it optimizes benefits to investors in the State, the following initiatives shall be undertaken:

- The Central Inspection System shall be integrated with the Single Window (HEPC).
- Inspections will be treated as a service and will be integrated with Grievance Redressal System and HEPC feedback management system.
- Inspection checklists shall be rationalised in consultation with concerned departments. 4.3.4. Inclusion of services of new departments under the ambit of CIS shall be examined and appropriately implemented.

- A dedicated mobile app shall be launched to facilitate inspections and access to inspection reports.
- A security audit shall be conducted of the CIS module and Digi Locker, Digital Signatures and QR codes shall be integrated in CIS.
- To reduce the burden of inspections on State Departments and in interest of streamlining processes, assignment of Inspection to Empanelled Technical Experts in select regulations shall be examined.

**Simplification of Regulations** In order to make a conducive business ecosystem in Haryana, the following reforms shall be undertaken with clear outcomes with focus on regulatory, governance and execution.

- Regulatory impact assessment: The government shall undertake regulatory impact assessment exercise for all investor touch points in order to streamline the rules and ease burden on the investors.
- Focus on improving major parameters: The effort shall be taken to reduce time, cost and number of procedures for Starting a Business, Construction Permits, Getting Electricity and Registering Property.

**MSMEs:** MSMEs shall be given all requisite business clearances within 15 days and beyond which there will be a provision for automated deemed clearances on HEPC portal.

- No inspections shall be carried out for a period of 3 years from the date of starting business.

#### **Labour Reforms:**

- Increase in coverage limit for small industries under Factories Act, 1948: The limit of number of workers for exemption from coverage under Factories Act, 1948 shall be increased from 20 to 40 (for the industries operating without the aid of power) and from 10 to 20 (for the industries operating with aid of power). The State Government would be prompt in implementing the provisions after its approval for benefit of industries
- Increase in overtime working hours under the Factories Act, 1948: The allowed overtime working hours shall be increased from present norms of 50 hours per quarter to 115 hours quarter, which would be immensely beneficial to the workers as well as the entrepreneurs.
- It would enable the workers to put in more hours to work, thereby earning extra wages and would also help entrepreneurs to respond to greater production requirement, as and when required.
- Self-certification for factory license: Provision for all industries to obtain factory licence under self-certification scheme (except those industries in high
- The provision for allowing three shifts working for women shall be made for Data Park centers.

#### **ACCESS TO CAPITAL/ FINANCIAL INCETIVES**

**Investment Subsidy in lieu of SGST:** Although the quantum of incentive has been differentiated across different sectors Micro, Small, Large & Mega Projects, the primary principle followed by providing investment subsidy in lieu of SGST paid through online mechanism to reduce the transaction cost. By following this principle, the State Govt. will provide this facility by reimbursement of appropriate percentage of State GST component. It is estimated to provide this incentive to the tune of INR 200 crore yearly, @ 30% - 75% of SGST net paid for 5-10 years.

**Interest Subsidy:** It has been observed that a large number of Micro & Small units which provide alternative employment opportunities in rural areas are not able to setup/ expand/modernize due to high cost of capital which makes it unaffordable to Small units. Therefore, interest subsidy will go in a long way in fulfilling much needed fillip to these units to scale up and grow in size and induct latest technology in the manufacturing process, primarily a tool to reduce cost of production. It is estimated to provide this incentive to the tune of INR 10 crore yearly, @ 5% - 6% on term loan for 3-5 years.

**Employment Generation Subsidy:** Labour cost is one of the major costs incurred by any industry. The industry will also be incentivized for providing employment to local persons by providing employment generation subsidy. This policy has tried to reduce it by providing Employment Generation Subsidy upto INR 48,000 for 5 years on employing persons belonging to Haryana (skilled/semiskilled) having Haryana Resident Certificate.

**Support to Rural Industries:** In order to boost rural industries, a specific scheme namely Haryana Gramin Udyogik Vikas Yojna shall be introduced/ formulated under which Capital Subsidy @15% upto INR 20 lakh for setting up of Micro Enterprises outside the municipal limits in rural areas, Interest Subsidy @ 6% for Micro Enterprises on term loan upto INR 8.00 lakh per year for 5 years and DG set subsidy has @INR 8000 per KVA upto 50% of cost of DG set shall be provided. It is estimated to provide incentive to the tune of INR 82 Cr. Yearly.

**Zero Defect and Zero Effect:** To adopt this concept, the financial support for quality certification, technology acquisition @ 50% maximum of INR 25 Lakh, patent registration @ 50% maximum of INR 25 Lakh, testing equipment @ 50% maximum of INR 10 Lakh, technology up-gradation and assistance for establishment of Effluent Treatment Plant for environment compliance @ 50% maximum of INR 25 Lakh will be provided. The financial support for, availability of finance through credit linked interest subsidy scheme @ 5% maximum of INR 10 lakh per year, credit rating will also be extended.

**Collateral Free Credit Facilitation:** The State Government shall reimburse 100% guarantee fee, which will provide window opportunities to new as well as existing Micro and Small Enterprises for availing collateral free loan from Lending Institutions/ banks.

**Zero Defect and Zero Effect:** To adopt this concept, the financial support for quality certification, technology acquisition @ 50% maximum of INR 25 Lakh, patent registration @ 50% maximum of INR 25 Lakh, testing equipment @ 50% maximum of INR 10 Lakh, technology up-gradation and assistance for establishment of Effluent Treatment Plant for environment compliance @ 50% maximum of INR 25 Lakh will be provided. The financial support for, availability of finance through credit linked interest subsidy scheme @ 5% maximum of INR 10 lakh per year, credit rating will also be extended. 13.7. Collateral Free Credit Facilitation: The State Government shall reimburse 100% guarantee fee, which will provide window opportunities to new as well as existing Micro and Small Enterprises for availing collateral free loan from Lending Institutions/ banks.

**Support for Exporting Units:** To make the export units Micro & Small Category competitive in the global market, the freight subsidy up-to INR 10 Lakh will be provided to defray the transportation cost from

premises of the unit to the seaport/ Air cargo/ International borders including other non-fiscal incentives.

## TAXATION

**Investment Subsidy on SGST:** 75% of Net SGST for first 7 years, 35% for next 3 years in 'D' category blocks with up to 150% of FCI.

- 75% of Net SGST for first 7 years, 35% for next 3 years in 'C' category blocks with up to 125% of FCI.
- 50% of Net SGST for first 5 years, 25% for next 3 years in 'B' category blocks with up to 100% of FCI
- Expansion/Diversification- These benefits shall be also be applicable to units undergoing 50% additional investment in plant and machinery for expansion/ diversification of existing unit with cap of 100% of new fixed capital investment on expanded FCI.

**Interest Subsidy:**

- 5% for Micro and Small Enterprises on term loan or maximum up to Rs. 10.00 lakh per year for 5 years in 'C' & 'D' Categories Blocks
- 5% for Micro and Small Enterprises on term loan or maximum up to Rs. 10.00 lakh per year for 3 years in 'B' Categories Blocks

**Employment Generation Subsidy:** For capacity building of persons belonging to Haryana (skilled/semi-skilled) [having Haryana Resident Certificate] Subsidy @ Rs 36,000/- per year for SC/ Women and Rs 30,000/- per year for general category for 5 years in 'B' & 'C' category blocks for direct employment with ESI/PF Number. However, the employment subsidy shall be provided for all the persons employed by the units in D Category Blocks.

**Service Sector:** In order to attract investment in Service Sector for the identified services, incentives shall also be offered such as investment subsidy in lieu of VAT/CGST net paid @ 50%, Electricity Duty Exemption @50% - 75% and Refund of Stamp Duty @ 30% - 50%.

## DIGITALIZATION AND TECHNOLOGICAL UPGRADATION

Credit Linked Capital Subsidy for Technology Up-gradation: State Credit Linked Interest Subsidy Scheme for Technology Up-gradation of existing enterprises- @5% up to a maximum of INR 10 lakh per year for a period of 3 years to an eligible unit in specified sectors/products (appraisal by HSIIDC).

## LABOUR AND SKILL DEVELOPMENT

**Employment Generation through Bureau of Industrial Policy and Promotion (BIPP)**

- The State Investment Promotion Agency shall be encouraged to place a special emphasis on proactively soliciting investment in employment-intensive industries.
- Information regarding new foreign and domestic investments as well as communicating new information and studies of specific value chains and market assessments shall be the responsibilities of the BIPP.
- BIPP shall be tasked to promote better information and data sharing across departments. The agency will work in close tandem with the representatives of the private sector and



employers to ensure that employment considerations are taken seriously by all relevant private stakeholders.

### **Employment generation through Industrial Infrastructure Development**

- A labor-intensive approach will be undertaken that favors and optimizes the use of local resources in the development and maintenance of industrial infrastructure assets. This approach shall be adopted in road rehabilitation and water supply and other areas of utilities and public investment.

### **Skill Development:**

- Provision for a grant of a maximum of INR 5 Crores per cluster shall be made towards the cost of the building and machinery & other training equipment for setting up Cluster specific skill centres in the identified cluster
- Haryana Skill Development Mission and Shri Vishwakarma Skill University shall be further strengthened & new skilling programmes shall be introduced in emerging sectors such as Logistics, ESDM, and Automobile (Electric Vehicle segment), Industry 4.0 (Data analytics, Machine Learning, Internet of Things, Robotics, Cloud etc.).
- Further, the digitization of skilling programmes shall be pursued.
- Setting up of centres of excellence for specialized sectors including emerging sectors such in Industry 4.0 and sectors of strategic importance to the State such as Healthcare and Pharma will be explored.
- Multi-Skill Training Centres will be established in every district to help deliver quality education, where accessibility remains a challenge, ideas like mobile vans and container schools will be explored.
- Implement the Technical and Vocational Education and Training Plan (TVET).
- To improve the quality and quantity of its education system and to improve the human resources of the country, TVET is a crucial area for increasing the employability and productivity of the labour force.
- The TVET will include efficient investment in training, building the capacity of trainers, undertaking training programmes, business engagement in development skills, national partnerships and institutions and governance & 78 monitoring training
- The State shall strive to introduce demand and market driven curriculums in professional institutions for developing skilled and efficient manpower for Services Sector particularly for creation of the matching soft skills.
- Identify and develop opportunities for services employment in rural areas such as agricultural equipment repair.

**Targeted Training for Overseas Employment** - Target countries for promotion of overseas employment shall be identified.

- Training programme shall be developed and aligned with the requirements of the target country so that there is a clear understanding of the job roles and skill requirements of those countries.

**Labour Market Information System (LMIS)** It is extremely important to have a robust up-to-date evidence-based analysis and aggregated data to have a strengthened understanding of employment implications across Government and other relevant stakeholders.

- A robust information system shall be designed and include details on demographics, human resources, economic, gender and labour market analysis. 10.5.3. To have an up to date LMIS system in place. The disaggregated data shall be collected and collated every 6 months.
- This will also aid in identifying current and emerging skills shortage which can be addressed in TVET planning.

**Labour Well-Being** - Safety Net Scheme: for the industrial labour in collaboration with the industry to protect the livelihood of labour in times of crisis. Labour Housing: HSIIDC shall earmark plots for industrial labour housing for sale/ rent/ lease in all Industrial Estate. 10.7. Gender Inclusion

- For capacity building of persons belonging to Haryana (skilled/semi-skilled), the subsidy @ INR 48,000/- per year for Women. 10.7.2. Capital Subsidy @ 15%, max. of INR 15 lakh & max. of INR 20 lakhs for Women on the investment made on Plant and Machinery for setting up of Micro Enterprises outside the municipal limits in rural areas under Mukhya Mantri Gramin Udyogik Vikas Yojna in B, C and D Category Blocks.
- Programmes aimed at reducing women's unemployment and promoting women's access to employment in the formal sector as well as social security coverage shall be prioritized.
- Gender Responsive Budgeting (GRB), a globally followed practice that acknowledges the fiscal expenditure with a gender perspective and prorates funds for the gender-specific outcome to address the persistent gender inequality that hinders the overall growth and development, shall be adopted. Women's economic empowerment shall be treated as a baseline agenda in all industrial policy decisions

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## Best Practices followed by Himachal Pradesh State for MSMEs

### Introduction

Micro, Small & Medium Enterprises Development Institute, Solan renders Technical Consultancy Services, techno-managerial assistance, training etc. for the development of existing and new micro, small & medium enterprises located in all the 12 districts of Himachal Pradesh. It is implementing various programmes and schemes of the Govt. of India for making the Indian MSME's globally competitive i.e. MSE Cluster Development Programme, Reimbursement scheme for ISO-9000 / 14001 / HACCP Certification, Participation in International Trade Fairs, Marketing Assistance/Support to MSEs (Bar Code), Marketing Assistance and Technology Upgradation Scheme, Enabling Manufacturing Sector to be Competitive through Quality Management Standards (QMS) and Quality Technology Tools (QTT), Lean Manufacturing Competitiveness Scheme (LMCS), Design Clinics, Building Awareness on Intellectual Property Rights for the Micro, Small & Medium Enterprises (MSMEs), Scheme for Providing Support for Entrepreneurial and Managerial Development of SMEs through Incubators, Setting up of New Mini Tool Room under Public Private Partnership (PPP) Mode, Promotion of Information & Communication Tools (ICT) in Indian MSME Sector, Technology and Quality Up gradation Support to MSMEs, Scheme for Capacity Building of associations, Credit Linked Capital Subsidy Scheme (CLCSS), Credit Guarantee for Micro & Small Enterprises (CGT MSE), International Cooperation scheme etc.

### BEST PRACTICES FOR MSMEs

#### INFRASTRUCTURE

##### *Incentives related or incidental to allotment of land and Industrial Sheds*

##### *Categorization of State*

With a view to create a congenial investment climate for existing industries to grow as well as to attract further investment in the State and to ensure balanced development of Industrial & Service Sector throughout the State, the State has been categorized into three categories of Areas as "A", "B" & "C". This classification has been done depending upon the location, distance from border of adjoining state, extent of industrial development and overall backwardness; resource availability and potential for employment generation. In Category "A" Areas industrially developed areas and Category "B" industrially developing areas and in Category "C" Tribal Areas, industrially backward developmental blocks & backward panchayats are included.

##### *Allotment of Land and Industrial Sheds*

Concession to the tune of 50%, 60% & 70% of rate/premium fixed for land or industrial sheds in category A, B and C respectively will be given to enterprises provided it commences commercial production/operation within 2 years of handing over of possession of land or within a period of 1 year

of handing over possession of Industrial Shed, as the case may be. This concession will be adjusted in future installments.

#### *Easy Payment schedule of land/shed premium:-*

12% of the premium of land/ shed shall be realized before handing over of possession and balance in 8 equal annual interest free installments. In case allottee after commencement of production or any subsequent stage offers to clear balance payment of premium in lump sum, rebate of 10% on balance premium of land/shed will be given.

#### *Provisions of extension in provisional allotment period*

The land/ plot will be provisionally allotted for a period of two years from the date of handing over of the possession. However, the period of the provisional allotment can be extended upto 5 years from the date of handing over possession by charging nominal extension fee. The Industrial shed will be provisionally allotted for a period of one year

from the date of handing over of the possession, however the period of the provisional allotment can be extended upto 2 years from the date of handing over possession by charging nominal extension fee.

#### *Provision to rent out surplus built up area for industrial use*

Industrial Enterprise in production may be allowed to rent out upto 49% of built up area for setting up of Industrial Enterprise(s) to manufacturing the new item(s) by charging nominal processing fee.

#### *Incentives related with matters related with land*

##### *Concessional rate of Stamp Duty and registration fee*

Stamp Duty and registration fee @ 50%, 30% & 10% of applicable rates would be charged in Category 'A', 'B' & 'C' areas on instrument of conveyance deed or lease deed.

##### *Exemption from payment of Change in Land Use charges*

Enterprise set up in Category B & C areas would be exempted from payment of the change in land use charges levied under the provisions of H.P. Town and Country Planning Act – 1977.

##### *Interest Subvention*

Interest Subvention @ 3% on term loan subject to a maximum of Rs.2 lakhs, Rs.4 lakhs and Rs.6 lakhs per annum for a period of 03 years in Category A, B & C areas respectively.

#### *Assistance for transportation of Plant & Machinery*

Reimbursement of 50% of cost incurred on inland carriage and inland transit insurance of Plant and Machinery subject to maximum of Rs.2 lakhs per enterprise in Category 'A' area and Rs.3 lakhs in Category 'B' & 'C' areas.

##### *Transport Subsidy*

Eligible Industrial Enterprises set up in category B & C Areas would be incentivized to compensate for the high cost of transportation within the State, irrespective of the fact that source of purchase or destination of sale is within or outside the State that.

(a) Enterprises located in Category B areas would be reimbursed actual expenditure incurred on transportation of raw materials & finished products within the state or 3% of annual turnover, whichever is lower, subject to maximum of Rs.10 lakhs per annum for a period of 3 years.

(b) Enterprises located in Category C areas would be reimbursed actual expenditure incurred on transportation of raw materials & finished products within the state or 5% of annual turnover, whichever is lower, subject to maximum of Rs.10 lakhs per annum for a period of 5 years.

*Assistance to encourage water conservation; compliances of Environment, Health and Safety Standards:*

a) 25% of expenditure incurred for the purchase of Plant & Machinery / equipments for setting up of Effluent Treatment Plant (ETP), rain water harvesting system excluding expenditure incurred on construction, subject to maximum of Rs.2 lakhs per enterprise.

b) 50% of Power Tariff paid for running of ETP for a period of 3 years, subject to maximum of Rs.1 lakh per annum. This incentive would be disbursed subject to installation of separate electricity meter/sub-meter exclusively for running of ETP.

## ACCESS TO CAPITAL/ FINANCIAL INCENTIVES

### *Credit Linked Capital Subsidy Scheme (CLCSS)*

The scheme aims at facilitating Technology Upgradation of Micro and Small Enterprises by providing 15% capital subsidy on institutional finance availed by them for induction of well established and improved technology in approved sub-sectors/products. The admissible capital subsidy under the revised scheme is calculated with reference to purchase price of Plant and Machinery. Maximum limit of eligible loan for calculation of subsidy under the scheme is Rs. 1 Crore.

### *Micro & Small Enterprises Cluster Development Programme (MSE-CDP)*

The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India (GoI) has adopted the cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country. Clustering of units also enables providers of various services to them, including banks and credit agencies, to provide their services more economically, thus reducing costs and improving the availability of services for these enterprises.

#### **Objectives of the Scheme:**

1. To support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital, etc.
2. To build capacity of MSEs for common supportive action through formation of self help groups, consortia, upgradation of associations, etc.
3. To create/upgrade infrastructural facilities in the new/existing industrial areas/ clusters of MSEs.
4. To set up common facility centres (for testing, training centre, raw material depot, effluent treatment, complementing production processes, etc).

#### *State Mission on Food Processing (SMFP)*

The Major Programmes /schemes to be implemented under SMFP :

- (i) Scheme for Technology up-gradation/ Establishment / Modernization of Food Processing Industries .
- (ii) Scheme for Cold Chain, Value Addition and Preservation Infrastructure for Non-Horticultural Products.
- (iii) Scheme for Promotional Activities.
  - (a) Organizing Seminar/ Workshops
  - (b) Conducting Studies/ Surveys
  - (c) Support to Exhibitions/ Fairs
  - (d) Advertisement & Publicity
- (iv) Scheme for Creating Primary Processing Centers/ Collection centers in Rural areas (v) Modernization of Meat Shops
- (vi) Reefer Vehicles.

#### *Incentives for Micro, Small and Medium Enterprises (MSME)*

“MSME” enterprises having investment up to Rs.10 Crore in plant and machinery in case of manufacturing enterprises or having investment up to Rs.5 Crore in equipments in case of specified category of service enterprise would be entitled to avail following incentives, concessions and facilities:

#### *Access to Finance for MSMEs*

Existing and New eligible enterprises will be reimbursed 50% of expenses incurred on floating Public Issue for raising funds through National Stock Exchange (NSE) dedicated platform for SME’s including cost of registration with National Stock Exchange in case funds so raised are utilized for the setting up or expansion of eligible enterprise(s) within the State, subject to a maximum of Rs.10 lakhs per enterprise.

## DIGITALIZATION & TECHNOLOGICAL UPGRADATION

#### *Implementation of Schemes of Technology Upgradation/ Establishment / Modernization of Food Processing Industries under SMFP*

Objectives: The main objective of the scheme is to increase the level of processing, reduction of wastage, value addition, enhance the income of farmers as well as increase exports thereby resulting in overall development of the food processing sector. The scheme envisages to extend the financial assistance for establishment of new food processing units as well as Technology Upgradation and Expansion of existing units in the State.

Pattern of assistance: The scheme envisages financial assistance to food processing units in the form of grant-in-aid:

33% of the cost of Plant & machinery and technical civil works, subject to a maximum of Rs. 75 lakhs throughout the State.

*Scheme of Cold Chain, Value Addition and Preservation Infrastructure (for non-horticultural products) under SMFP*

The objective of the scheme is to provide integrated cold chain and preservation infrastructure facilities from the farm gate to the consumer or from the production site to the market. Pre-cooling facilities at production sites, reefer vans and mobile cooling vans can be assisted under the scheme. This Scheme may also help to link groups of producers to the processors and markets through a well equipped supply chain.

**Financial assistance**

Throughout the State

a) Grant-in-aid: Grant-in-aid @ 50% of the bank appraised project cost or 50% of actual investment on building, Plant & Machinery whichever is less subject to a maximum of Rs. 5 Crore per project. The cost of land and pre-operative expenses and any component other than cost of building and plant & machinery will not be eligible for the purpose of calculation of grant-in-aid.

b) Interest subsidy: The interest subvention will be for a period of 7 years from the date of completion of the project and commencement of commercial production as certified by concerned GM, DIC/MS,SWCA. Every year the interest subsidy @ 7% will be paid to the Bank/FI directly against the term loan sanctioned and availed by it, subject to a maximum of Rs. 25.00 lakhs per year.

*Renewable Energy based pilot cold chain projects:*

Grant in aid @ 90% of the bank appraised cost including the cost towards setting up of the solar power plant, subject to a maximum of Rs. 5 cores. There will be no component of interest subsidy.

*setting up of Primary Processing Centers / Collection Centers in the rural areas under State Mission on Food Processing*

Maximum amount of grant-in-aid admissible under the scheme is Rs. 2.50 crore as per details given below:

- i) Grant-in-aid for PPC/CC will be provided @ 75% of the eligible project cost.
- ii) Cost of land, preoperative expenses, margin money for working capital and contingency, non-technical civil works and plants & machinery not directly related to the PPC/CC will not be eligible for calculating eligible product cost.

*Implementation of Scheme of Modernization of Meat Shops under State Mission of Food Processing Objectives:*

The scheme aims at improving the overall hygiene in the meat shops by providing basic infrastructure and equipment. This will also ensure food safety rules and regulation compliances as per FSS Act, 2006 and caters to public health concerns as a whole. This in turn will provide wholesome meat to the consumers. Modernization of meat shops will also help to protect and sustain the livelihoods of people

involved. Modernization of meat shops will improve the competitiveness in the supply of wholesome meat vis-à-vis the development of new retail chains.

*Quantum of assistance:*

75% of the cost of Machinery/Equipment and Technical Civil Works (TCW) and other eligible items subject to maximum of Rs. 5.00 lakh.

*IMPLEMENTATION OF THE SCHEME OF REEFER VEHICLES UNDER SMFP*

*Objectives:*

The objective of the scheme is to provide financial assistance to standalone reefer vehicle/s and mobile pre-cooling van/s (reefer unit and refer cabinet permanently mounted on the vehicle) for carrying & transporting both Horticultural & non Horticultural produce. Standalone reefer vehicle/s can be purchased under the scheme. This scheme will enable linking groups of producers to the processors and markets through well –equipped supply chain management.

*Pattern of assistance:*

Refer Vehicles/ Mobile Pre-Cooling vans: Credit linked back ended grants in aid @ 50% of the cost of New Reefer Vehicle(s) / Mobile pre-cooling van(s) upto a maximum of Rs. 50.00 lakh. The reefer unit and refer cabinet permanently mounted on the vehicle are eligible.

## R& D, INNOVATION AND IPR

*Assistance for access to Technology, Competitiveness, Innovation and Quality Certification*

Reimbursement of 50% of expenses incurred for the setting up in house testing facilities and equipments required for obtaining certification of Bureau of Indian Standards / World Health Organization – GMP / ISO / Organic Certification / any International Certification excluding Plant and Machinery / equipments used directly in manufacturing process or rendering of services subject to maximum of Rs. 5 Lakhs per enterprise.

*Purchase Preference*

The State Government would give Purchase Preference to local Micro and Small-Scale Enterprises by placing at least 25% of the total orders with them on lowest approved rates, wherever applicable provided such products meet the required quality standards and HOD is of the opinion that item required is not of sophisticated nature, high technology and precision standards

## LABOUR AND SKILL DEVELOPMENT

*State Rural Engineering Based Training Programme (SREBTP) Scheme*

*Objective:*

To develop and upgrade skills of Rural Entrepreneurs belonging to general category and schedule tribe category in rural Engineering/economy Based Industries so that they may engage themselves in gainful employment ventures after getting training in local occupations and the economic activity available.

*Funding pattern:*

Scheme for one candidate for one year (The calculation of the amount shall be done proportionately as per the training period ranging from 4 weeks to one year)



Sr No	Component	Expenditure per candidate per month (in Rs)	Period	Total expenditure during training period (in Rs)
1	Stipend to Trainee	1500	12	18000
2	Honorarium to be paid to Instructor of Training Centre	500	12	6000
3	Margin money assistance in case the candidate opts to set up his own enterprise after training by availing loan from any financial institute or in case not willing to avail loan then assistance to purchase tool kit	7000 (lump sum)		7000
4	Contigent expenditure on stationery, monitoring, publicity, etc per candidate	In lump-sum		230
<b>Total Expenditure per candidate</b>				<b>31230</b>

### *Self-Certification*

Enterprises after obtaining the title of land may start physical implementation of project without waiting for those approvals/ NOCs/permissions which are identified and notified as such by the concerned department/organization, provided the enterprise has duly applied for requisite approvals/clearances to the respective authorities as regards these approvals/ NOCs/ permissions. The concerned departments/ organizations will be required to give an immediate Acknowledgement Certificate for 02 years on declaration by Enterprises that they will adhere to applicable conditions and requirements of aforesaid approvals/NOCs/ permissions. The enterprise will be required to obtain all requisite approvals from the competent authority within a period of two years or till it commences operations, whichever is earlier.

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## Best Practices followed by Jharkhand State for MSME

### OBJECTIVES

- For goods manufactured by Micro and Small Industries of Jharkhand, price preference will be allowed in case of purchases by Government Departments and State owned PSUs including Boards, Corporations, Development Authorities, Improvement Trusts, Municipalities, Notified Area Committees, Cooperative bodies and institutions aided by State Government and Companies where Government share is 50% or more.
- The state government proposes to formulate a Marketing Policy for safeguarding the interest of local Micro and Small Enterprises. Government of Jharkhand launched Procurement Policy in 2014.
- Provision of platforms for interaction between Enterprises of Jharkhand and also for interaction between Enterprises of Jharkhand and potential domestic and global markets through Trade Fairs and Road shows
- Encouraging the MSEs to participate in national and overseas business fairs and exhibitions and international delegations.
- Setting up a permanent exhibition-cum-convention centre for exclusive display of MSME Products.

### STRATEGIES ADOPTED

- Strengthening of Micro and Small Enterprises Facilitation Council to redress the problems faced by local MSEs in marketing their quality products in the state of Jharkhand. Information technology shall be effectively utilized for facilitation and speedy disposal of cases in this council.
- The raw material generating units shall be persuaded to give purchase preference to the local industries, whose production is dependent upon the supply of such raw material. Similarly, the PSU's / Private Sector large industries, located within the state would be persuaded to give purchase preference to the local industries while making purchases of raw materials and other items required by it. Preference would also be given to the local industries in supply of forest produce available in the state.
- The government proposes to develop a symbiotic relationship between the MSME and the technical institutions by linking each cluster with a technical institution to solve the technical and design related problems of the MSMEs.
- Efforts will be also be made to provide linkages for MSMEs with micro-finance institutions, raw materials, focused market access etc.

- Special emphasis on provision of Common Facility Centres (CFC) will be given mainly through Public-Private-Partnership (PPP) initiatives to MSME projects of a cluster.
- Schemes like Credit Guarantee Fund Trust Scheme, Cluster Development Programme for MSMEs, Credit Linked Capital Subsidy Scheme, Technology Up-gradation Scheme being operated by Govt. of India and various other promotional schemes of different ministries of Govt. of India are proposed for the benefit of MSMEs of the State. Efforts will also be made to suitably complement these schemes enabling the entrepreneurs to avail maximum advantage of these schemes.

## BEST PRACTICES FOR MSMEs

### INFRASTRUCTURE

#### *Land Banks:*

The State of Jharkhand shall create land banks in selected districts by acquiring land and demarcating them as IT Parks/ IT SEZs with provision of basic IT infrastructure and connectivity.

#### *Allotment of Government Land-*

Allotment of Government land in Jharkhand to the IoT Industry shall be made subject to availability, fulfilment of eligibility criteria by the applicant of IT/ITES based IoT company and on payment of land cost & development cost, as determined from time to time by the allotment agency, and the concerned local Statutory/ development Authority. Export oriented units will be preferred in land allotment by the State.

#### *Power:*

IoT industry shall be classified as industrial unit for the purpose of levying the industrial power tariff category. Industrial Power Certificate shall be accorded to all the IT/ITeS Connections (Power Meter), and exclusively used by the IT industry and Communications industry companies/units (as per GoI definitions) for their operations, even in multiple locations/meters. The effective date of application of the incentive of Industrial Power Category tariff, is from the date of issue of the said Certificate by the Govt. of Jharkhand.

## EASE OF DOING BUSINESS

According to the Business Reform Action Plan (BRAP) rankings for 2017-18, Jharkhand ranked 4th in terms of ease of doing business<sup>18</sup>. Recently, on December 20th, 2018, the Department of Industrial Policy and Promotion (DIPP) announced results of the first ever States' Start-up Ranking 2018 in which Jharkhand emerged among the 'Aspiring Leaders'.

- The government of Jharkhand aims to create 1,00,000 sq.ft. of dedicated incubation space offering end-to-end support for the startups in the State.
- The government aims to create a fund of funds (FOF) by public-private partnership (PPP) to promote startups in the State.

- The government aims to facilitate the development of at least 100 innovative technology based startups, with social impact, specific to the needs of the state in this policy plan period.
- The government aims to create robust and synergetic platform for the academia and industry to supplement each other's efforts.
- The government of Jharkhand aims to promote gender equality, environment sustainability and improve social factors among others.
- The government of Jharkhand aims to promote entrepreneurship in educational institutions (primary, secondary and higher educational institutions).

## ACCESS TO CAPITAL AND FINANCIAL INCENTIVE

### *Comprehensive Project Investment Subsidy (CPIS): –*

MSME units shall be entitled to get CPIS for investments made in fixed capital investment. Subsidy under CPIS for MSME shall be admissible at the rate of 20% of investments made in fixed capital investment. Non MSME Units shall be entitled to get Comprehensive Project Investment Subsidy (CPIS) for investment made in Plant and Machinery, Pollution Control Equipment, Environment friendly alternative power generation equipment and Employee Welfare (EPF, ESI, Health Insurance Scheme).

### *Stamp duty and Registration fee-*

Industrial units will enjoy 100% exemption / reimbursement of stamp duty and registration fee for land directly purchased from the raiyats / acquired through consent award (lessee of IADA / industrial parks will not be eligible for this benefits). This facility will be granted only for the first transaction for a particular plot of land.

## R&D, INNOVATION AND IPR

### *Patent Registration-*

Industrial units will be encouraged for filing their successfully generated, registered and accepted patents based on their original work / research. The State Government will provide financial assistance of 50% of the expenditure incurred, up to a maximum of Rs. 10 lakh, per patent. Out of these a maximum of Rs 4 lakh may be given on expenditure incurred in filing of patent, attorney fees, patent tracking etc. and up to maximum of Rs. 10 lakhs on final acceptance of the patent.

### *Export Subsidy*

As per Jharkhand Export Policy 2015, MSME Exporters shall be assisted with 75% of Stall charges paid up to maximum of Rs. 2,25,000/- (90% of Stall charges paid up to maximum of Rs. 2,70,000 /- for women entrepreneurs) for one fair/ exhibition. Also, assistance of 75% of Air fare by economy class, maximum up to Rs. 50,000/- (90% by economy class, max. up to Rs. 60,000/- for women entrepreneurs) per person per unit per annum shall be provided to MSME Exporters.

#### *Support for Incubation centres*

For setting up of incubation centres, financial support of Rupees 50 lacs annually for the first 5 years (maximum 10 institutions can be given this grant in the first year) will be provided. Any private university/research institution can also apply for this funding, given the fact that they have operated in the state for the last 4 years and qualify through the selection process. A special incentive of INR 10 lacs would be given to the incubator for every successful start-up (Start-up that raises series B funding) they incubate.

#### *Establishment of new Textile/ Apparel/ Footwear Parks*

Private Sector, PPP mode and JV mode industrial parks play an important role in the establishment of necessary infrastructure in the state. Government of Jharkhand has already launched Jharkhand Industrial Park policy 2015 for the establishment of apparel and textile parks under sector specific and general parks.

Eligible institutions, both private and public can establish apparel and textile parks under the Jharkhand Industrial Park policy 2015.

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## BEST PRACTICES FOLLOWED BY KARNATAKA FOR MSMEs

### Introduction:

Government has taken many initiatives to enhance its stature as one of the leading high-tech industrialized States in the country and is in the forefront of attracting investments from across the country and abroad. As a result, the State ranks 1st in attracting investment intentions since 2016 and has attracted FDI of US\$ 37.67 billion during the period April 2000 to March 2019, constituting 9 per cent of the all India FDI.

The salient features of New Industrial Policy 2020-25 are as follows

#### i. Vision

To emerge as a global leader in Advanced Manufacturing, Research & Development, and Innovation and to create an ecosystem for an inclusive, balanced and sustainable development of the State.

#### ii. Mission

To retain Karnataka's position as a global manufacturing hub and to achieve higher and sustainable industrial growth through capital infusion, technology transfer, world class industrial infrastructure, skill up-gradation and benchmarking of policies and practices to best global standards.

#### iii. Objectives

- a. To attract investments worth INR 5 Lakh crore
- b. To create employment opportunities for 20 Lakh people
- c. To reach 3rd position in merchandise exports in the next five years
- d. To maintain an industrial growth rate of 10 per cent per annum
- e. To provide an enabling ecosystem for technology adoption and innovation

#### iv. Strategies

- a. Promote sustainable, balanced and inclusive industrial growth.
- b. Enable employment generation and increase labour market flexibility through regulatory labour reforms.
- c. Create strategic tie-ups for the emergence of Karnataka as the Knowledge and R&D Hub.
- d. Focus on development and promotion of the MSME Sector.
- e. Facilitate availability of industrial land.
- f. Promote Tier II / III cities of the State as engines of economic growth.
- g. Place Karnataka in the forefront of India's international trade.
- h. Showcase Karnataka as the "Factory of the Future"- Industry 4.0
- i. Engage with various stakeholders to develop sector specific skill development strategy
- j. Attract private investment in development of integrated / multi / sectoral industrial parks and flatted factories.
- k. Create an environment to enhance ease of doing business in the State
- l. Support for R&D & Technology Upgradation

## BEST PRACTICES FOR MSMEs

### INFRASTRUCTURE

#### *Infrastructure Support*

- i) KIADB will earmark a minimum 30% of allottable land in all their industrial areas for MSMEs. Out of which, KIADB will reserve 22.65% for SC/ST entrepreneurs, 10% for Minorities / Physically Challenged / Backward Classes (Category 1 and 2A only) / Ex-Servicemen entrepreneurs and 5% for women belonging to all categories in industrial areas. KIADB will indicate 15% of the allottable land in industrial areas for MSMEs to be allotted by DLSWCC. The maximum extent of land to be allotted by DLSWCC would be two acres per project. The minimum size of plot to be developed by KIADB will be 0.5 acre for MSMEs.
- ii) KIADB will construct multistoried / flatted factories with plug and produce facilities (wherever feasible) near Bengaluru, Mysuru, Hubballi-Dharwad, Mangaluru, Belagavi, Tumakuru and Kalaburagi. KIADB will provide these flats on a monthly rental / lease basis.
- iii) KSSIDC will earmark entire allottable land in their industrial areas for MSMEs. Out of which, KSSIDC will reserve 22.65% for SC/ST entrepreneurs, 10% for Minorities / Physically Challenged / Backward Classes (Category 1 and 2A only) / Ex-Servicemen entrepreneurs and 5% for women belonging to all categories in industrial estates.
- iv) KSSIDC will be allotted land in KIADB industrial area, upon request for making industrial plots and sheds of smaller sizes for MSME sector. KIADB shall provide land to KSSIDC on absolute sale deed as per KIADB norms to enable KSSIDC to allot plots/sheds to the industry on lease-cum-sale deed.
- v) KSSIDC shall develop industrial estates exclusively for micro and small enterprises. The area to be procured will not be less than 50 acres. 20% of the allottable area will be reserved preferably for plug and play sheds out of which 10% of the area will be earmarked for multi-storied sheds with plug and play facilities (wherever feasible) near Bengaluru, Mysuru, Hubballi-Dharwad, Mangaluru, Belagavi, Tumakuru and Kalaburagi. KSSIDC will provide these flats on lease / rental basis. Liberal FAR would be considered for flatted development/ industrial sheds/multi-storied industrial units.
- vi) Development of Rural Industrial Areas exclusively for MSMEs in the impact area of industrial corridors will be undertaken along with infrastructure, like road connectivity, drainage system, street lighting, and water supply by KSSIDC. Rural industrial areas and

estates will have minimum 100 to 150 plots measuring 2,000sq. ft. to 10,000 sq., ft. and will be developed in potential areas.

vii) The maximum contract demand for LT consumers will be increased from present 67 HP to 100 HP.

#### *Industrial Infrastructure*

Karnataka Industrial Area Development Board (KIADB) has developed 170 Industrial Areas spread over 82,289 acres across the State and has allotted to over 20,188 units. KIADB has also acquired 74,727 acres of land in favour of 483 units under SUC scheme. Karnataka Small Scale Industrial Development Corporation (KSSIDC) has allotted Industrial Sheds/ Plots to 13,793 units in its 190 industrial estates across the State. The State also has 38 Operational Special Economic Zones.

#### *Road network:*

Karnataka is well-connected to its 5 neighbouring States and other parts of India through 0.24 million km of continuing road length. It boasts of 13 major National Highways.

#### *Airports and Seaports:*

Karnataka has five operational airports of which two are international airports located in Bengaluru and Mangaluru. Kempegowda International Airport in Bengaluru is the 3rd busiest airport in India and the country's first ever green field international airport conceived in PPP format. It is one of the largest airport in India built with modern technology and is ranked at the top internationally in terms of quality of service and user experience. Karnataka has one major port - New Mangaluru Port Trust (NMPT) catering to EXIM cargo movement and 10 other minor ports along its 300 km coastline. The New Mangaluru Port is the 9th largest port in India.

#### *Power:*

Karnataka is one of the leading states in the production of renewable energy in the country reaching 14,932 Mega Watts (MW) as of Feb 2020. It has the highest installed capacity of 7,299 MW of Solar Power. Government is developing the world's largest solar park with an outlay of INR 14,000 Crore (US\$ 2 billion) and with a total capacity of 2050 MW at Pavagada, Tumakuru & has been commissioned.

#### *Skills Infrastructure:*

The State has the 4th largest skilled workforce in India and is home to several premier institutions. Government has undertaken significant reforms with increased public investment to ensure Access, Equity and Quality in Education. The State houses 234 engineering colleges, 44 universities, 16 international schools and 57 medical colleges.



#### *Innovation Hub and Startup Ecosystem:*

Karnataka is a powerhouse of innovation in India, with more than 400 R&D and innovation centers, largest number of technical & medical institutions and highest number of startups in Asia. The State is ranked as one of the top five R&D ecosystems of the world and the second-best ecosystem for startups. Under Innovate Karnataka initiative, Government provides financial support equivalent to INR 300 crore in the form of grant/equity through its various funds (KARSEMVEN Fund; KITVEN Fund; Startup Fund of Funds; IDEA2POC Fund; AVGC Venture Fund Bio Fund) to startups; micro and small enterprises in information technology, biotechnology and other manufacturing sectors in the next four years. Government has set up world class incubation centers and have established labs and common instrumentation facilities. Centers of Excellence in various sectors such as Aerospace & Defence, Data Science and Artificial Intelligence, IoT, Animation, Visual Effects, Gaming & Comics Sector, Cyber Security, Machine Intelligence & Robotics have been set up to drive innovation and entrepreneurship in the State of Karnataka.

#### *Ease of Doing Business:*

First State in India to pioneer the EODB initiative by introducing the Karnataka Industries Facilitation Act in 2002. Government has made doing business easier and smarter by ensuring 98.64 percent compliance to provisions of Business Reforms Action Plan. Various initiatives in easing out the “Doing Business” in the State have been introduced. Through e-Udyami, the Single Window Portal of Karnataka, the approvals/ clearances; including renewals, can be sought from various line departments. In addition, all industry related services have been bought under the purview of SAKALA Act or time-bound rendition of services.

#### *MSME Cluster Development:*

Micro & Small Enterprises - Cluster Development Program (MSE-CDP) of Government of India aims to support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital, etc. Create/upgrade infrastructural facilities in the new/existing industrial areas/ clusters of MSEs, including setting up of Flatted Factory Complexes and common facility centres with an investment of INR 15.00 crore.

Karnataka Cluster Development Scheme (KCDS) aims to build capacity of MSMEs for common supportive action through formation of self-help groups, consortia, upgradation of associations, etc.; create/upgrade infrastructural facilities in the new/existing industrial areas/ clusters of MSMEs and set up common facility centres (for testing, training center, raw material depot, effluent treatment, complementing production processes, etc.) with an investment up to Rs 10 crore.

### *Sustainability and Responsible Industrialization*

The Government will encourage water harvesting in all its existing and new industrial areas, and facilitate setting up of effluent treatment plants and hazardous waste treatment plants in various industrial clusters. Financial assistance will be provided to encourage industries to adopt strategies to use sewage discharge / industrial discharge for industrial water security and to integrate systems that address environmental, health, and water pollution risks.

Many areas of Karnataka are facing problems of acute shortage of water supply, hampering industrial production. To encourage manufacturing enterprises to adopt water harvesting/conservation measures within their premises, financial incentives will be provided. Rainwater harvesting assures more continuous and reliable access to water and is also environmental-friendly, helping to recapture the baseline for current water usage and reduction in dependence on groundwater or supply from other water sources. To achieve pollution prevention & waste minimization at manufacturing enterprises, incentive will be extended to the 'Zero Discharge Process' enterprises.

### EASE OF DOING BUSINESS

#### SARTHAK Scheme

The scheme is proposed to be implemented through a two-fold mechanism:

The details of the two levers of the scheme are provided below.

- a) Deploying an Online Technology Platform
- b) Establishing a Centre of Excellence (CoE) for managing the platform

#### a) Deploying an Online Technology Platform

Under the ambit of the scheme, it is proposed to develop an online technology portal which will have modules targeted at addressing issues faced in specific areas by the MSME sector in Karnataka. The platform is proposed to be equipped with modular mechanisms and structures around Information, Facilitation, Regulatory, and Ease of Doing Business areas, which can help MSMEs efficiently bring their products to the market. The MSMEs will be free to take help of any module they like. Instead of creating new structures, the platform will plug onto the existing ones.

Key activities that the platform is expected to perform are:

- i) Provide an integrated platform for raw material suppliers –  
The platform will provide a one-stop-shop for accessing quality raw material at an affordable price with linkages to e-Mandis, APMC, NCDX, ReMS, market-place aggregators like Udaan, and the elements of the logistic supply chain like warehouses, cold storage facilities, etc.

ii) Improve market access – The platform will provide MSMEs with access to the retail market by on-boarding major brick & mortar and online marketplaces, public sector undertakings, government departments, wholesalers and retailers. This will help provide a one stop gateway to MSMEs for discovering a market for their products, generating supply chain efficiencies for the sector.

iii) Disseminate information on Quality Control standards and certifications – The platform will provide MSMEs with updated and in-depth information on globally prevalent quality standards and certifications. The platform will leverage existing informational repositories of FSSAI, AGMARK, Organic Certification, etc.

iv) Enhance access to Credit – The platform will integrate the conventional (Banks, NBFCs, MUDRA, etc.) and non-conventional (TReDS, PE/VCs, Funds of Funds etc.) sources of credit supply to MSMEs. The module will also integrate credit enhancement schemes with the financing agencies to provide access to low cost funds for MSMEs.

v) Access to Data – Access to analytics, market research, intelligence, CRM and other IT technology that helps to bring efficiency in operations would be created on the platform.

vi) Skill Development Programs – The platform will have modules for dissemination of information pertaining to new-age skills emerging in different domains required by the MSMEs and will facilitate them in getting trained by collaborating with the public and private agencies delivering the skill development programs. Vide this module, Entrepreneurial Development Programs and domain- specific training would be provided to entrepreneurs in partnership with reputed institutes and trainers.

vii) Technology Adoption and Knowledge Transfer – The platform will have modules for supporting MSMEs with the technicalities of transfer & adoption of new & emerging technology. Further, the platform will also build a repository of case studies, domain related best practices, etc. which may be adopted by MSMEs in their operations.

viii) Support MSMEs in Branding and Advertisement – The platform will have modules which will support MSMEs in branding, marketing, and advertising related activities.

b) Establishing a Centre of Excellence for managing the platform setup

The Centre of Excellence will identify gaps in the capabilities of the MSMEs and work with them in bridging the gaps, equipping them to adapt to the changing market & business environments. Further, the institutional mechanism will be equipped to assist rural enterprises in addressing issues faced in areas of GST, IT, UAM registration, PAN application, loan document preparation, etc.

The mandated activities for the Centre of Excellence are proposed to be aligned along following broad categories:

- i) Technology Acceleration Programs and Practice: This includes activities like promoting technology adoption by firms, providing business advisory services to firms aimed at improving their manufacturing techniques & processes, supporting transfer of technology, performing R&D related services, and facilitate access to technology through inter-firm partnerships.
- ii) Connecting Firms: Provide platforms for aggregation of firms from both ends of the supply chain – suppliers and consumers and act as an intermediary to provide support services, host best practice events to facilitate dissemination of information.
- iii) Funding Assistance: Providing firms with information on latest funding available for different functions - R&D, loans to scale business, fund joint pre-competitive research programs, funding for capital and operating infrastructure etc.
- iv) Next Generation Manufacturing Technical Assistance: Teach innovation and new product development skills to MSMEs, provide export assistance and training, provide energy efficient manufacturing skills, etc.

#### DIGITALISATION AND TECHNOLOGICAL UPGRADATION

- i) Under 'Sarvak' scheme, adoption, commercialization, transfer and upgradation of newer technologies by industries will be encouraged.
- ii) Specific emphasis would be given for collaborations with domestic/ international research institutes/ agencies and promote export-oriented units.
- iii) Karnataka Council for Technological Upgradation (KCTU) will run quarterly workshops and seminars for SME entrepreneurs to increase awareness for adoption of new technologies
- iv) To extend Technical support to MSME sector, it is proposed to establish Technology Development Centres in association with Central Manufacturing Technology Institute and other such institutes in all key industrial zones in the State.

#### Vendor Development and Facilitation

- i) To further strengthen the MSME ecosystem in the State and increase the competitiveness of the MSME sector, the policy will aim at promoting vendor

development, management, facilitation and creating a platform to connect OEMs with MSMEs and identify vendors in terms of production capacity and quality standards.

ii) Vendor Development Plans from the approved large and mega industries will be collated and taken forward by Director (MSME).

iii) Director (MSME) in collaboration with the Industry will conduct a Vendor Development Event in the State annually to create collaboration opportunities for MSMEs by bringing together MSMEs and OEMs/Large Manufacturers/Public Sector Undertakings. Similar events at the District level will also be conducted.

### Marketing Support in Public Procurement

i) Goods manufactured by Micro & Small Enterprises located in the State will be allowed a price preference of 15% against the Large & Medium Enterprises / Industries of the State and enterprises / industries of other States during Government Department's purchases.

ii) To enable wider dispersal of enterprises particularly in rural areas, the Government Departments & State-owned PSUs shall procure 358 items from micro and small enterprises, which have been reserved for exclusive purchase from them as per Ministry of MSME, Government of India order S.O. 581 (E), dated 23.03.2012.

iii) To reduce transaction cost of doing business, Micro & Small Enterprises registered with NSIC under a single point vendor registration scheme shall be facilitated by providing them tender sets free of cost, exempting from payment of earnest money during purchases by all Government Departments and State-owned PSUs.

### LABOUR AND SKILL DEVELOPMENT

#### *Skill Development & Entrepreneurship Development Program (EDP)*

i) Rural Entrepreneurship Development Program will be implemented through district-level rural entrepreneur networks to foster entrepreneurship – in terms of motivation, mentoring, ideating and access to markets by private sector.

ii) Director (MSME) will conduct District Level Incubation and Accelerator Programs. Incubators in potential taluks will be set up through PPP mode

#### *Support Services to Entrepreneurship and Livelihood Missions*

Director (MSME) through Deputy Director (Khadi Village Industries) will coordinate and provide field-level service support to skill entrepreneurship under livelihood mission programs in the State.

#### *Supports to Artisans*

It is proposed to provide the following support for Artisans:

- i) Free training at NID and NIFT for selected trainers (Customized).
- ii) Training artisans with modern skills like e-marketing and information & communication technology.
- iii) Study tours for selected artisans across the country.
- iv) Stall rate concession at metro stations, airports, bus stands, railway stations, major star hotels across the State.
- v) Organizing an annual national level haat, a forum for artisans to exhibit and sell their products.

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## BEST PRACTICES FOLLOWED BY KERALA STATE FOR MSMEs

### INTRODUCTION

Micro Small and Medium Industries play an important role in the social and economic progress of the State. In addition to better connectivity facilities, communication networks, skilled human resources, Kerala have superior basic facilities for industry leading to the growth of MSME sector. Moreover, more than 50% of this sector belongs to the village sector which will facilitate an important role in providing employment for the youth and socially backward people. Of the 18 lakh workers in manufacturing in Kerala, 3.8 lakhs are in the factory sector/organized manufacturing and 14.2 lakhs in the unorganized manufacturing. The high literacy levels in Kerala and the skilling programmes offers a manpower pool that can promote industrial growth in Kerala.

Kerala however has high density of population, so that getting large tracts of land for industry is a challenge. Industrial estates or zones are becoming increasingly relevant as habitation spreads more and more across the State.

The State has been able to step up its power availability by 30% by entering into 25 yearlong power purchase agreements, so that power is no longer a constraint for industry in Kerala.

The Industrial power tariffs in the State are the lowest in South India and one of the lowest in India. opportunities are being created to strengthen the MSMEs. Steps have also been taken to implement the Industrial Corridor project, a project which holds great promise for Kerala

### OBJECTIVES

- Empower people and generate employment for sustainable overall development through industrial growth
- Simplify regulatory procedures and provide time bound approvals & clearances for setting up new enterprises
- Strengthen existing industries and make them more efficient
- Mobilize MSMEs particularly in rural areas to achieve employment generation and utilization of local resources.
- Ensure higher value addition of the locally available resources.
- Create employment opportunities for skilled human resources within the State
- Improve industrial, allied and ancillary infrastructure through public and PPP modes.
- Ensure sufficient land availability through land acquisition, land pooling, and Private Industrial Parks/ Estates
- Provide trunk infrastructure for pooled industrial land, Private Industrial Parks/ Estate
- Accelerate development of industrial clusters in the State in line with National Manufacturing Policy, Petroleum, Chemicals and Petrochemical Investment Regions, Electronic Manufacturing Clusters, MSME-Cluster Development Programme
- Strengthen the Services & Commerce sectors and create employment for the skilled and semi-skilled manpower in the State.
- Introduce globally accepted standards in Technology, Quality and Management to rejuvenate the Public Sector Enterprises in the State
- Adopt participatory approach in industrial and infrastructure investments.

- Ensure a space for Kerala in national and international markets through increased production of high-quality products at reasonable price
- Enhance technical skills of young generation for improving their employment opportunities.
- Ensure respectable wages and income for those engaged in traditional manufacturing activities.
- Increase in industrial development through the development of the logistic sector.
- Encourage environment-friendly practices in enterprises.

## STRATEGY ADOPTED

- I. While Kerala's educated and skilled work force is quick to learn and adapt to new production techniques, Kerala offers an eco-system where economic activity can be undertaken in a socially and environmentally responsible manner. Hence, it is proposed to implement the practice of ethical manufacturing, which is value addition without exploitation of labour including child labour and other repressive practices, and in harmony with the environment
- II. An Empowered Committee (comprising high level officers and technical experts) with adequate powers will be constituted to monitor and suggest amendments and to intervene in times of need in the functioning of concerned Departments and Agencies. This Policy aims to eliminate corruption and inefficiency and to move forward by ensuring transparency and efficiency. Online facilities will be created for entrepreneurs and department heads for monitoring licensing and other statutory certification process
- III. A Committee comprising of General Manager of the respective District Industries Centre as the Convenor and representatives from DIC, Industry Association and Trade Union of the Area will be constituted in all Industrial Parks / Estates / Areas in order to sort out any dispute between the entrepreneur and the labour
- IV. Interactive meetings at regular intervals will be organised with the Hon. Minister and Senior Government officials and the entrepreneurs.
- V. Encourage logistic skill development and employment which is having high potential for growth.

## BEST PRACTICES FOR MSMEs

### INFRASTRUCTURE

- I. Government will jointly develop industrial infrastructure with Local Bodies so as to effectively leverage idle land available with them and promote industrial activity.
- II. New Industrial plots / sheds are allotted through a transparent process without any discrimination. Investors will be allowed to exit from their investments in industrial estates. Existing allottees of plots in industrial development plots and areas who wish to exit will have to surrender the allotted land; and this land can be allotted to other entrepreneurs.
- III. Government will encourage private industrial estates. Government will consider for private industrial estates with minimum land requirement of 15 acres in urban areas and 25 acres in rural areas. But once the land is acquired for this purpose, it should not be utilized for non-industrial activities
- IV. Arrangements will be made for providing uninterrupted water supply from water sources to industries. Rain water harvesting shall be made mandatory for all industries and water recycling by industries will be encouraged.



- V. Sliding Scale Method will be introduced and calculated for land allotment / transfer with advantage to the entrepreneurs depending on the duration of the industry he has run. The same method will be applicable for land on lease also.
- VI. The pricing of the Industrial Land will be reviewed on a regular basis by a Committee with Secretary (Industries), Secretary (Revenue) and Secretary (Finance) with Director (Industries & Commerce) as Convenor
- VII. Special assistance will be provided for setting up of Effluent Treatment Plant (ETP).
- VIII. Suitable land will be identified and acquired in Malabar area for industrial development utilising Natural Gas, LNG pipe line based industry, coastal economic zone etc
- IX. Trade Commodity Centres will be set up
- X. Government will encourage creating Logistics Zones in every Industrial Parks
- XI. Industrial parks either by the Government or with private equity on a PPP mode suitable to various industries would be established. Basic facilities that would immediately be available in such parks would include:
  - Power supply on priority basis to the enterprises.
  - Uninterrupted water supply from water sources for production activities
  - Suitable approach roads and connectivity to NH/ State roads, railway stations, airport etc would be established for enterprises in Industrial parks
  - Appropriate common effluent treatment plants would be established
  - Common facility and utility centres would be established.
  - Common skill development centre specific to the Park will be set up as a part of the Industrial park.
  - incentives will be provided to enterprises coming under recognized industrial park/zones like 100 % stamp duty / registration fee exemption for all allotments, Dedicated Effluent Treatment Plants (ETP) and / or Hazardous Waste Treatment Storage and Disposal Facility (HWTSDf) set up by individual manufacturing units would be eligible for an Environment Protection Infrastructure subsidy, 75% of the statutory employer contribution will be borne by Government for 3 years.
- XII. Industrial corridors with features of Special Economic Zones would be established near important State/ National Highways taking into consideration the availability of resources and opportunities
- XIII. Multipurpose industrial zones that aim at establishing a group of big and small industrial parks in the outskirts of State/ National Highways would be encouraged.

## EASE OF DOING BUSINESS AND SINGLE WINDOW CLEARANCE

- I. Self-Certification based approval regime will be implemented in the State for enterprises belonging to the white and green category of classification.
- II. Third party certification for industries will be considered as deemed approval for starting an enterprise in the State.
- III. A time bound schedule with maximum time limit of 30 working days for clearances will be considered.
- IV. Standard operating procedures of investors' applications will be published in advance.
- V. Steps will be taken to standardize the term of licenses being issued by all Departments / Agencies initially for 5 years.
- VI. All licenses from concerned departments / agencies will be deemed to have been issued post completion of the time period as mentioned in the Right to Services Act.

- VII. A provision for certificate validation of all clearances / approvals will be provided in the web portal.
- VIII. Kerala State Single Window Clearance & Industrial Township Act, 1999 will be expanded to establish a dedicated physical office and an online clearance mechanism for the State.
- IX. A special cell will be set up at Kerala State Industrial Development Corporation Ltd. (KSIDC) to act as a nodal office and involve the concerned departments wherever necessary. It is proposed to set up investment promotion and facilitation center – project management unit.
- X. To make this system effective at the District level, a committee will be formed headed by Dist. Collector comprising of officers of various Departments.
- XI. A common web portal will be launched for all the clearances required and shall be linked to all relevant Departments / Agencies.
- XII. A dedicated online payment system to be incorporated to the web portal linking the same to the State Treasury and other nationalized banks.
- XIII. Steps will be taken to display the availability of land for industrial purpose in the State in the proposed web portal.

#### SPECIAL INCENTIVES FOR MSMEs

- I. Government will launch a special support mechanism to revive incipient sick units. Entrepreneur Support Scheme (ESS) will be introduced for Plastic waste Recycling, BioDegradable Plastics and Renewable energy based MSMEs
- II. Loans at affordable interest rates will be made available from Kerala Financial Corporation for MSMEs.
- III. Medical equipment manufacturing, Sports goods manufacturing, Printing equipment manufacturing, Photography / Videography equipment manufacturing and manufacturing of similar items having high market potential will be encouraged and facilitated.
- IV. The details of closed industries will be prepared and special focus will be given for reopening or diversification.
- V. Government will promote decentralized manufacturing in homesteads. This will enable people to work from homes, with flexi hours, without neglecting their families. It will help foster an industrial climate in the State at the grassroots. Special incentives will be given for mother units that supply raw materials/components to such Nano units and marketing under a common brand name will be promoted. Power for such units using upto 5 HP shall be charged only at domestic tariff. Licensing from Local Bodies for such house-based non-polluting units shall be exempted. Special exemptions from VAT shall be extended to clusters of these units
- VI. There is a large market for agro-based products in Kerala. The demand in Kerala for several consumer items is largely met by import from other areas. Projects will be made for developing units in Kerala to take advantage of these opportunities, especially in the food and agriculture sectors. Food and agro-based traditional industries and tourism development must go hand in hand for the overall growth so that the State gets worldwide recognition. Lessons shall be drawn in this regard from the experience of places like Thailand, Vietnam, Malaysia, where tourism sector worked successfully along with agriculture and agro-based industries.
- VII. E-commerce portals will be developed as a virtual showroom for handicraft and other Kerala specific products. Govt. will provide adequate marketing support to MSME's through subsidies and incentives for participation in National & International Trade fairs and B2B meets. Special measures will be taken for branding of handicrafts and ethnic products.
- VIII. Goods manufactured by MSMEs located in the State will be allowed price preference of 15% in purchases by Govt. Departments and State PSUs.

- IX. Government Departments and PSUs purchasing goods and services from MSMEs shall be required to make payments within 45 days of acceptance of supplies. The mechanism under the Director of Industries & Commerce for this purpose shall be strengthened.
- X. To reduce transaction cost of doing business, MSMEs registered with NSIC under a single point vendor registration scheme, shall be facilitated by providing them tender forms free of cost, exempting from payment of earnest money during purchases by all Government Departments and State-owned PSUs
- XI. Government of India schemes like Credit Guarantee Fund Trust Scheme, Credit linked Capital Subsidy Scheme for Technology Upgradation, National Manufacturing Competitiveness Programme, Marketing Assistance Scheme, Lean Manufacturing Scheme & various promotional schemes of Ministry of MSME and other Ministries will be suitably dovetailed for the benefit of MSME. A separate cell under the Chairmanship of Director of Industries & Commerce will be set up for creating awareness, and to coordinate & monitor implementation of Government of India Schemes / Programmes.
- XII. KERALA INSTITUTE OF ENTREPRENEUR DEVELOPMENT (KIED) will be elevated to the status of an institution providing skill development and research facilities as per the needs of the industry
- XIII. Formation of Industrial Clusters will be encouraged enabling the MSMEs to reduce cost of inputs, promote building strong brands and marketing that are required to compete in the market.
- XIV. Government will provide the matching contribution of 20% of the total Project cost towards setting up Common Facility Centres in the State under MSE-CDP Scheme.
- XV. The handloom co-operatives will be strengthened and re-organized to ensure sustained employment. The handloom product will be branded and marketability 17 improved. Efforts will be made to provide yarn at a concessional rate to the cooperatives. Productivity of Hantex and Hanveev will be increased. Adequate income support in addition to wages and reasonable social security benefits will be ensured for the workers in the sector. The handloom sector will be developed. **Government will promote usage of khadi and handloom products through marketing campaigns. Handloom cloth for uniforms shall be distributed to school children upto Class VIII to sustain production in the sector.**
- XVI. The concept of 'Integrated Handloom Village' will be promoted in handloom industry where the concentration of weavers is large to produce innovative as well as value added products of global standards enabling the products to compete in National & International markets.
- XVII. Government will strengthen Handicrafts sector through cluster approach. Special measures will be taken for the promotion of Souvenirs in association with Tourism Department. Products of traditional industries will be made mandatory at hotels like heritage hotels who avail incentive and subsidies for tourism development.
- XVIII. Government will implement ASHA scheme to transform the artisans into entrepreneurs. ASHA Scheme will provide financial incentives for work sheds, equipment, acquisition of newer technology/ designs, etc. Organized and unorganized group employees will be given encouragement through Integrated Handicraft 18 Development project. Action shall be taken on the basis of the Justice Sankaran Committee report to strengthen the handicrafts sector.
- XIX. Government will promote industrial scale production of various products from raw bamboo. Government shall facilitate technology support to artisans to develop value added products. The Kerala State Bamboo Mission will spearhead various activities for the promotion of industries based on Bamboo, reed and rattan. The use of bamboo in housing and furniture will be encouraged. Bamboo will be promoted as an alternative for wood and wide spread planting of Bamboo under national rural employment generation scheme shall be taken up.

## WOMEN ENTREPRENEUR INITIATIVES

Women Entrepreneur Mission' (WE Mission) will spread the spirit of entrepreneurship among the women of the State and will motivate more women to become entrepreneurs and encourage the existing ones to scale up. WE Mission will extend continuous monitoring, mentoring support, regular exposure visits to successful units, easy funding support to eligible first generation women entrepreneurs for scaling up of their activities, incubation and infrastructure support and facilitate participation of women entrepreneurs in national and international trade fairs to enable them to build business networks and market linkages. Specific percentage will be earmarked for women entrepreneur in all industrial parks.

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## BEST PRACTICES FOLLOWED BY MADHYAPRADESH STATE

### INTRODUCTION

Madhya Pradesh (MP) is amongst the leading states in India both in terms of area and population. The state has gained a significant position in the country based on investment and economic growth. Over the years, the state has developed a robust infrastructure, favourable policy environment & industrial growth centres, which has expedited the growth of industrialization. The state has been at forefront in promoting industrial growth by offering gamut of incentives to promote rapid industrialization, and is able to harness its strengths to expand its economy with the support of conducive policies. State has identified thrust sectors including Auto and auto components, Textiles, Tourism, IT/ITEs, Healthcare, Skill development, Pharmaceutical, Renewable energy, Biotechnology and Logistic & warehousing which provide the required impetus to the economic growth.

### OBJECTIVES

The key objectives of the Industrial Promotion Policy are:

- I. Rationalization and simplification of procedures to ensure effective implementation of policy
- II. To improve investor facilitation and enhance ease of doing business
- III. To create an enabling environment for robust industrial growth
- IV. To achieve higher and sustainable economic growth by accelerating the growth of manufacturing and service sectors through private sector participation
- V. To create an able and supportive regulatory and policy environment to facilitate private sector participation
- VI. To achieve inclusive industrial infrastructure development in the state
- vii. To promote environmentally sustainable industrial growth and balanced regional development
- viii. To enhance employment opportunities in all sectors
- VII. To encourage growth in Madhya Pradesh's thrust sectors (Agribusiness and Food processing, Textiles, Automotive and Auto components, Tourism, Pharmaceuticals, Bio-technology, IT/ITeS, Healthcare and Logistic & Warehousing)
- VIII. To encourage environment friendly practices in enterprise development
- IX. To provide a welcoming and facilitative atmosphere to entrepreneurs, industrialists and investors.

### STRATEGIES ADOPTED

The state has prepared a strategic roadmap to achieve the policy objectives through a combination of both fiscal and non-fiscal interventions. These policy interventions shall enhance the industrial competitiveness resulting in substantial increase of private sector investment in the state.

The key measures are aimed at:

- I. Creating level playing environment for all investors by enhancing the facilitation mechanism enabling them to conduct their business with ease;
- II. Strengthening of the Single Window System to make it more effective under the provisions of the Madhya Pradesh Investment Facilitation Act 2008;
- III. Providing competitive fiscal incentives and exemptions to attract investment;
- IV. Providing support to the investors in making government and private land available for industrial projects across different scales of investments
- V. Upgrading of industrial infrastructure in existing industrial growth centres
- VI. Promoting ancillarization to strengthen local vendors

- VII. Enhancing the employability of youth by focused skill development efforts;
- VIII. Strengthening the MSME sector through an attractive package of incentives & concessions;
- IX. Ensuring harmony between private sector investors and local citizens through an enhanced dispute settlement mechanism;
- X. Promoting thrust sectors through sector specific promotion policies;
- XI. Establishing a 'Land Bank' bearing in mind future requirements of land for industries; xii. Developing world-class infrastructural facilities for industries with active participation of the private sector;
- XII. Providing appropriate provisions for the protection of the environment and encouraging water conservation measures in industry through go-green strategies.
- XIII. Promoting industrial parks for clusters development of similar micro and small scale industries in regions of the State which are rich in raw material being used in that particular industry

## BEST PRACTICES FOR MSMEs

### INFRASTRUCTURE

#### *Land concessions*

Availability of land is a primary requisite for sustainable industrial development. The State Government has substantial availability of both government and private land parcels for industrial development. In order to further enhance the rate of industrialization, the State Government shall consider following measures pertaining to land availability:

- I. Developed industrial land shall be made available at a competitive price to the investors.
- II. CCIP may consider concession on the prescribed premium rate, if the investor intends to set up a project on raw (undeveloped) government land.
- III. 50% assistance subject to a maximum of INR 1 crore each shall be provided to medium, large and mega scale industrial units for developing power, water & road infrastructure, if the investor acquires private land or gets undeveloped government land for setting up of project.
- IV. The land allocation rules shall be further simplified to expedite the allocation process.

#### *Leveraging DMIC & Investment Corridors*

- I. Early bird projects identified under DMIC nodes, namely, Knowledge City Ujjain, Multi-modal Logistic Hub, Indore-Pithampur Economic Corridor and Power Equipment Manufacturing Hub, Rajgarh etc. shall be implemented
- II. The state has strategically created investment corridors such as BhopalBina, Bhopal-Indore, Jabalpur-Katni-Singrauli& Gwalior-Shivpuri-Guna along the state and national highways to fasten the economic growth and create more employment opportunities
- III. Various projects such as Air cargo terminal, Integrated Agro/Food processing zone, integrated logistic hub, integrated townships, Gas based industrial park, Rural Park, Engineering Technology Park, Knowledge cities, etc. shall be developed to enhance infrastructure in the state.

#### *Encouraging private partnership for Infrastructure Development*

- I. An enabling policy and institutional mechanism shall be developed to attract private investment and leverage its efficiency to provide quality infrastructure and services.
- II. Initiatives of the investors in developing private industrial areas/ estates either in PPP mode/individual entrepreneur s/ Companies/Co-operatives shall be encouraged with a supportive package.

- III. To encourage the private sector in the development of infrastructure, special assistance will be provided to the projects relating to establishing industrial parks, food parks, high-tech parks or any other parks relating to manufacturing industries in the state.
- IV. An assistance of 15% of the expenditure on establishment/ development of industrial park subject to a maximum limit of INR. 5 crores will be provided to promote subject to the condition that such developed industrial park should have a minimum area of 10 acres, and minimum of 5 industrial units.
- V. The agency/investor developing such industrial park would be reimbursed the assistance within 1 year from the substantial completion of the project on fulfilling the required conditions indicated at the time of sanction.

#### *Plan and augment Industrial Infrastructure*

The planning of infrastructure in existing and new areas shall be done in line with industry requirements.

- I. Existing industrial areas shall be expanded as needed and new industrial areas shall be developed with necessary industrial infrastructure
- II. The industrial infrastructure shall be developed at all regions for balanced and equitable growth.
- III. The industrial infrastructure shall be developed based on the geographical strength and after assessing the demand of the sector.
- IV. Land in industrial areas/growth centres will be allotted after developing necessary infrastructure in industrial areas.
- V. Measures shall be taken to earmark at least 20% of the land for MSME sector in new non-PPP industrial areas for necessary vendor development support to the large projects
- VI. Multi storied industrial complexes for micro and small scale enterprises shall be constructed in order to ensure optimum productive use of land either through Department's Corporations or private sector participation at potential industrial areas.
- VII. Areas having good potential for development of industrial and commercial infrastructure shall be identified. In these areas, \*Partially amended as per the GoMP order no. F16-06/2017/A-Eleven dated 12/06/2017 infrastructure shall be developed with private sector participation/Industrial Development Corporations.
- VIII. New/expanded industrial areas, where 100 acres or more area is to be developed, a maximum 20 percent of the total land will be reserved for housing/commercial activities. 6.4.8 Necessary social infrastructure facilities like hospital/ dispensary, school, training centre, creche, housing, shopping centre, fitness centre, recreation centres, rest houses, labour welfare centre, hotel and warehouses, etc. will be established in industrial areas either through department's corporations or private sector participation.
- IX. Establishment of Truck terminals in all the major industrial parks will be promoted. In the case of Private Industrial Parks, the Developer shall be mandated to provide adequate Truck Parking Bays.
- X. Industrial areas having more than 500 acres shall be allotted 10% of total area for development of warehousing facilities.
- XI. Rules relating to allotment and management of land will be rationalized and made investor friendly.
- XII. Any changes to be made in the land use in the notified industrial areas shall be approved as per Town & Country Planning Act

## EASE OF DOING BUSINESS

### *Strengthening the Single Window System*

- I. 'Investment Relationship Managers' shall be appointed for speedy implementation of investment proposals. These Investment Relationship Managers will be specifically designated to individual investors on case by case basis depending on total quantum of investment and nature of the project.
- II. Madhya Pradesh's Single Window System will be further strengthened and made more effective to facilitate private sector investments
- III. An online Investor Monitoring and Facilitation System shall be launched to provide a single point interface for investors and a time bound clearance mechanism for approvals
- IV. Single Window System shall be a repository for information regarding state's infrastructure, information about investment application processes and grievance redressal.
- V. The Single Window System provides a transparent one stop solution for all investors by reducing the need to physically interface with various department authorities
- VI. To ensure effective implementation of Single Window System, District Trade and Industry Centre (DTIC) shall be strengthened by modernization of technology, and capacity building for the staff.
- VII. 36 services from various departments have been automated for which clearance/permission can be given from the system itself.
- VIII. The state single window clearance mechanism will inter-alia incorporate the following features such as — SMS/email alert to the investors — Linking with Labour Department, MP Power distribution companies, Water resources department, Revenue Department and District Collectors. — Payment gateway — MIS dashboard
- IX. The portal will also act as a platform for information dissemination and will provide all information relating to rules, regulations and orders that effect investment decisions or investment implementation in the state

### *Regulatory Simplification*

The state has already undertaken various initiatives to make the investment climate more investor friendly. Wherever necessary, effective action shall be taken for refining the business regulatory processes and strengthening the supportive institutional framework.

- I. An inventory of legal and procedural requirements of various departments for doing business in the state has been consolidated.
- II. The regulations, procedures, approvals, permissions, licenses shall be further rationalized to reduce redundancy.
- III. Non-polluting SMEs shall be exempted from getting their units to be certified by the State Pollution control board.
- IV. The pollution control board shall issue the revised certificate once in every 3 years to polluting units.
- V. The state shall ensure that all benefits of the State Investment Promotion Policies to be notified by various concerned departments within 3 months of policy notification date.
- VI. The state shall consider empowering the DTICs to approve clearance or changes in maps of factories/industries.
- VII. 75% of the eligible amount against the total \*VAT & \*CST paid by the investor every year shall be reimbursed on submission of the tax deposit certificate issued by the Commercial Tax department. The remaining 25% of the eligible amount shall be reimbursed after the assessment.



- VIII. The state shall consider empowering the DLCs to approve all claims that are sent by MSMEs in the state.
- IX. 'Land Bank' shall be established in the state for industrial purposes by identifying suitable government/ private lands
- X. Online Application and Land Allotment system shall be launched to fasten the land allotment process
- XI. M.P. Industrial Development Corporation will function as the Single window for all application procedures& online application system.

#### ACCESS TO CAPITAL AND FINANCIAL INCENTIVES

- I. Capital Subsidy on plant and machinery to Eligible MSMEs subject to ceiling of INR 15 lakh
- II. Interest Subsidy: Eligible units will get interest subsidy on term loan as given below :-

Type of Units	Interest Subsidy
Micro scale industrial unit	5% with annual ceiling of INR 3 lakh for 7 years
Small scale industrial unit	5% with annual ceiling of INR 4 lakh for 7 years
Medium scale industrial unit	5% with annual ceiling of INR 5 lakh for 7 years

- III. \*Entry tax exemption: Exemption from entry tax shall be five years for an investment made upto INR 500 crore in plant & machinery for MSMEs
- IV. Electricity Duty Exemption for MSMEs For 33 KV connection : Upto a period of 5 years
- V. Mandi Fee exemption: All Food processing units shall be given exemption from mandi fee for a period of five years or a maximum of 50% of investment in plant & machinery (whichever is lower). This fee exemption shall be made available to those units, which purchases agriculture produces of this state.
- VI. Mega investment shall also be considered for sanction of special economic and other package on case to case basis by Cabinet Committee on Investment Promotion (CCIP), according to requirement of such projects and keeping in mind the resources available in the State.
- VII. Special textile package for Micro, small and medium textile units shall be given an investment subsidy of 10% of eligible investment made in TUFs approved plant & machinery subject to a maximum limit of INR 1 crore.

#### SPECIAL INCENTIVES FOR MSMEs

The state government intends to focus on MSMEs for achieving a holistic industrial growth. The following steps have been undertaken by the state government with focus on Incentivizing MSME to enhance their competitiveness for achieving higher growth, Targeted skill development programs to address manpower requirements of MSMEs, Development of new industrial clusters with adequate infrastructural facilities to meet futuristic demands of the cluster, Uplifting infrastructure facilities of existing industrial clusters to fulfil growing needs of ancillary units, Encourage ancillary units by promoting establishment of new vendor units in close vicinity of mother units.

##### *Cluster based approach*

- I. Cluster based approach is increasingly being recognized as sustainable, cost-effective and an inclusive strategy to ensure competitiveness and improvement of Micro, Small and Medium Enterprises (MSMEs). Considering the importance, state government has laid special emphasis on cluster development approach.
- II. New industrial clusters with plug and play facilities shall be developed.

- III. Infrastructural facilities in existing industrial clusters shall be upgraded so as to meet the growing needs of industrial units in the cluster.

#### *Marketing assistance*

With a view to create more business opportunities for micro and small enterprises, state has taken various interventions to facilitate linkages between vendor and anchor units. State government intends to increase the growth of local vendors by taking following measures:

- I. Directorate of Industries and the Department's Corporations shall carry out a coordinated campaign within and outside the state to attract industrialists/entrepreneurs for investment in the State.
- II. Industrial trade fairs shall be organized and State's participation would be promoted on a regular basis at national and international level through Madhya Pradesh Trade Fair Authority.
- III. State would organize marketing events for MSMEs like Buyer-Seller Meets, trade fairs, reverse buyer seller meets. All the MSMEs and mother units shall be encouraged to participate in such marketing events.
- IV. Madhya Pradesh LaghuUdyog Nigam (MPLUN) shall organize workshops between the anchor and vendor units.

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## BEST PRACTICES FOLLOWED BY MAHARASHTRA FOR MSMEs

### Introduction

MSMEs are the backbone of State's economy. With more than 3 million MSMEs, Maharashtra has largest number of MSME in the country, which contributes more than 80 per cent of the total employment. MSMEs are best placed to utilize local resources and create local entrepreneurship and employment. About 40% of the exports originate from MSMEs. Considering the vital role of this sector, the State Government intends to strengthen and promote the MSME sector for achieving inclusive industrial growth and promoting employment generation. The investment limit for incentive purpose for small industrial units will be increased upto INR 50 crore in Fixed Capital Investment (FCI) so that more such units can come under the ambit of small industries. In order to enhance the benefits of this policy to MSME units, the state will dovetail various MSME schemes into one scheme.

### Best Practices for MSMEs by Maharashtra

#### INFRASTRUCTURE

- New industries establishing in C, D, and D+ areas and No-Industry District(s) will be exempted from payment of Electricity Duty for a period of 15 years. In other parts of the State, 100% Export Oriented Units (EOUs), Information Technology (IT) and Bio-Technology (BT) units, and industries setting up in Special Economic Zones (SEZs), and Electronic Hardware Technology Parks will be exempted from payment of Electricity Duty for a period of 10 years.
- IT units in public IT Parks are exempted from stamp Duty and Registration fees. Now all new industrial units (including IT and BT units) and expansions, will be exempted from payment of Stamp Duty and Registration fees in C, D and D+ areas and No-Industry District(s). However, 50% of the Stamp Duty and Registration fees will be waived for IT units set up in other IT Parks in talukas/areas in the State in "A" and "B" categories.
- New small-scale industries (including IT and BT units) setting up in different parts of the State will be eligible for Capital Subsidy. The subsidy will be disbursed in equal annual instalments over 5 years. Existing SSI and small-scale IT and BT units will be eligible for 75% of the subsidy admissible as above for expansion, diversification or modernization involving additional investment to the extent of 25% or more.
- New textile, hosiery and knitwear small-scale industries setting up in different parts of the State will also be eligible for Interest Subsidy on the interest actually paid to the financial institution/bank on the term loan for creating fixed capital assets, equal to the interest payable at 5% per annum as stated. The monetary ceiling will be applicable for the complete period of eligibility.
- In order to give an impetus to the development of nonconventional energy, such projects will be eligible for benefits under the new Package Scheme of Incentives.

- The present classification of different talukas/areas in the State in A, B, C, D and D+ categories on the basis of their level of development is contained in the Package Scheme of Incentives, 1993, and will continue for the present. The matter of revision of the area classification will be separately considered by a Committee under the Chairmanship of the Minister (Industries). Norms for the mid-term reclassification of talukas depending on changes in their development status will also be considered, and No Industry District(s) will be separately categorized.
- Sick SSI units: Issues relating to the rehabilitation of sick SSI units are reviewed in the State-Level Inter Institutional Committee and Sub Committee of the Reserve Bank of India, and in the District Level Committee which have been set up as an adjunct of the Zilla Udyog Mitras. Sick SSI units taken up for reschedulement of arrears of Government and electricity dues, to be repaid in 36 monthly installments at 13% interest. The interest rate on the rescheduled arrears will now be reduced to 10%, in all except 'A' areas of the State. The repayment of such arrears would be allowed in 60 monthly installments
- The stamp duty for demerger of companies as defined under section 2(19-AA) of Income Tax Act, 1961 will be made applicable on lines of the stamp duty structure applicable for amalgamation of companies under every order made by the High Court under section 394 of the Companies Act, 1956.
- Establishment of IT/BT units on textile mill lands in Greater Mumbai: while granting permission for the sale of textile mill lands in Greater Mumbai, the lands becoming available to the Maharashtra Housing and Area Development Authority (MHADA) for residential use would also be permitted to be used for the development of IT and BT industries by MHADA itself, or by MIDC.
- FSI for IT Units: Twice the admissible Floor Space Index (FSI) is allowed for certain types of IT units setting up in IT Parks promoted by public bodies. Such units are also permitted in No-Development Zones of cities up to FSI of 0.2. Such IT units will now be permitted to establish in No-Development Zones with an enhanced FSI of 1.0.
- Maharashtra pioneered the establishment of institutions of democratic decentralizations and local self-governance several decades ago. More recently, these concepts were extended through statutory amendments to enable the establishment of independent Industrial Townships. In the first phase, self-governing Industrial Townships with the power to raise resources and determine their application will be established in industrial areas being developed by MIDC at twelve locations across the State, i.e. at Vile-Bhagad (Raigad), Airoli (Thane), Talegaon (Pune), Hinjewadi - Man (Pune), Shendre (Aurangabad), Additional Latur (Latur), Nandgaon Peth (Amravati), Additional Yavatmal (Yavatmal), Tadali (Chandrapur), Butibori (Nagpur), Additional Sinnar (Nashik) and Nardhana (Dhule). The industrial townships so set up will pay 25% of their revenue to the concerned Gram Panchayat(s) or local bodies for the initial period of 5 years.

- The establishment of Special Economic Zones has been allowed under the recent policy of Government of India. India's most successful Export Processing Zone (SEEPZ), which was promoted by the State Government at Mumbai nearly three decades ago, has been converted into one of the country's first Special Economic Zones. Another Special Economic Zone is being developed by the City and Industrial Development Corporation (CIDCO) at Dronagiri, near the Jawaharlal Nehru Port. All the concessions, benefits and facilities extended to such Special Economic Zones promoted by public bodies will also be extended to Special Economic Zones set up by other parties. The establishment of Special Economic Zones at Aurangabad and Nagpur will also be proposed to the Government of India.
- In the last few years, specialized industrial infrastructure has been developed by State agencies for various sectors, including Information Technology, leather, chemicals, etc. More recently, the establishment of textiles and food processing zones have been taken up. Taking into account the potential and requirements of agro-industry in different parts of the State, MIDC will set up new complexes for this sector, including 'Grape Wine Parks' at Nashik and Sangli, 'Orange City Park' for orange processing, Floriculture Complexes and Biotechnology Parks at suitable locations.
- Promotion of Education and Research Institutions: Educational and research institutions of international or national standards, including world-class business education institutions, would be provided land in industrial areas/estates at nominal or concessional rates.
- Captive Power Generation: Captive power generation is permitted for industries throughout the State in respect of IT units, and in the case of co-generation, hydroelectric power and non-conventional energy. Other types of captive power generation are at present permitted in respect of new industries in D+ and tribal areas. New as well as existing industries in D and D+ areas and No Industry District(s) will also be permitted to set up captive power plants. Public bodies or joint ventures promoted by them can establish 'Independent Power Producers' for the dedicated provision of power to IT and BT Park and special Economic Zones promoted by them.
- Gas Cooperation Agreement: Gas is an important fuel and raw material for industry. As Mumbai High gas supply declines, commercial supply of LNG will become increasingly important for industrial units. To facilitate the planned development of gas supply infrastructure in the State, the Gas Authority of India Limited (GAIL), MIDC and the Maharashtra Petrochemicals Corporation Limited (MPCL) have recently entered into a Gas Cooperation agreement. A techno-economic feasibility study for the development of gas infrastructure and associated facilities has been taken up by GAIL, which will include assessment of the medium and long-term gas requirement for the State and various supply options.
- Labour Laws and Procedures: The State Government has initiated a review of labour laws and procedures, including Central statutes, to enable industry and labour to meet the new economic challenges. The review is intended to remove disincentives to additional employment generation, facilitate restructuring and technological upgradation in the context of increasing global competition, provide an impetus to industrial dispersal, and promote

production at efficient levels. It is also intended to safeguard labour interests and provide workers with greater financial security during re-structuring. As an outcome of the first phase of this review.

#### FINANCIAL INCENTIVES FOR MSMEs

- I. There are many MSMEs which have potential to expand on a larger scale. However, due to fund limitations they are unable to scale up. In view of their capacity augmentation, SME exchanges were setup in the country in 2012.
- II. The exchange has been instrumental in garnering public funds in the State. The CAGR of SMEs was around 40% in last fiscal year.
- III. MSME units can now access public funding through listing on stock exchanges. The State Government intends to support MSME units by providing financial assistance to first 250 SMEs based in Maharashtra which will be listed on the SME exchange, Mumbai during the policy period.

#### *Advisory Cell on Insolvency and Bankruptcy Resolution for MSMEs –*

To provide speedy resolution of insolvency and bankruptcy, the Government of Maharashtra shall maintain region-wise cells to guide the concerned units seeking resolution under the Insolvency & Bankruptcy Code 2016 mechanism. For this, MSSIDC will be strengthened and empowered suitably.

#### Fiscal Incentives to MSMEs -

Maharashtra state offers most attractive fiscal incentive in the country.

- I. For the purpose of this policy, MSME shall include units as per the definition of Government of India- Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, as well as the small industries with FCI of upto INR 50 crore.
- II. A basket of incentives, their aggregate amount not exceeding a specified ceiling will be offered to eligible MSME units.
- III. Eligible MSME units in Agro & Food Processing (secondary and tertiary processing units and Farmer Producer Companies for manufacturing/processing activity only), Green energy/ bio-fuel and Industry 4.0 shall be given additional support.
- IV. The power tariff subsidy, for eligible new units located (other than A areas) in Vidarbha, Marathwada, North Maharashtra, and Districts of Raigad, Ratnagiri and Sindhudurg in Konkan will be to the extent of NR 1/- per unit consumed and in other areas (except A areas), to the tune of INR 0.5/- per unit consumed for 3 years from the date of commencement of commercial production.
- V. In areas other than A area, Interest subsidy @ 5 per cent p.a., maximum upto the value of electricity consumed and bills paid for that year, will be admissible
- VI. In addition to incentives listed above, eligible MSMEs will be entitled to 100 per cent stamp duty exemption within investment period for acquiring land (including assignment of lease

rights and sale certificate) and for term loan purposes. However, in A and B areas Stamp Duty exemption will be offered only to IT and BT manufacturing units in IT and BT Parks. Eligible Units under PSI 2013 Scheme will also be eligible for stamp duty exemption for their Investment Period.

- VII. Eligible New MSMEs in C, D, D+, No industries Districts and Naxalism Affected Area will be entitled to exemption from payment of electricity duty for tenure equal to the eligibility period. However, in A and B areas Electricity Duty exemption will be offered to 100 per cent Export Oriented MSMEs and IT/BT units for seven years.
- VIII. All the central government and State government schemes relevant to MSMEs shall be dovetailed in this policy.
- IX. Marketing Assistance scheme shall be formed for MSMEs to support marketing activities. To improve the competitiveness of MSMEs in marketing, both at the national and international level, fiscal assistance shall be provided for SC/ST/women entrepreneurs and for participation in national and international fairs.
- X. For strengthening of MSMEs, standalone incentives (not linked with PSI) shall be admissible to the MSMEs so as to promote quality competitiveness, Zero Defect Zero Effect (ZED scheme), Research & Development, technology up-gradation, water & energy conservation, cleaner production measures and credit rating.

#### Promotion of Micro, Small and Medium Enterprises (MSMEs) and Small Industries :-

*Cluster Promotion* - Maharashtra is the leading state in the country for Industrial Cluster development. Cluster based approach is increasingly being recognized as sustainable, cost-effective and an inclusive strategy to ensure competitive and improved MSME units.

- I. The State Government shall offer fiscal assistance for approved Common Facility Centers (CFCs) across the state except A and B zones.
- II. The limit for fiscal assistance for cluster promotion will be increased to INR 10 crore from existing INR 5 crore.
- III. The State Government shall offer fiscal assistance to the Special Purpose Vehicles (SPVs) specifically setup for the purpose. A state level Steering Committee shall evaluate and approve proposals under the scheme.
- IV. In new MIDC industrial estates, 20% area shall be reserved for MSMEs. Out of this, 20% area shall be reserved for SC/ST entrepreneurs and 5% for women entrepreneurs and industrial units of Women's Savings Groups. For rehabilitation of Ex-Servicemen & to promote self-employment among Ex- Servicemen 2% plots will be reserved for Ex-servicemen.
- V. Common Facility Centre (CFC) established under the cluster development programme of Central/ State Government will be treated as industrial activity.

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## BEST PRACTICES FOLLOWED BY MANIPUR FOR MSMEs

### Introduction

Manipur is a land of multi-ethnic community and even akin to a Mini-India. These consist predominantly of Meiteis and Meitei Pangals in the Valley and 33 recognised Tribes residing in the Hills. The number of MSME units are above 1000 with an investment of Rs.116.11 crores and production value of Rs.408.51 crores providing direct employment to 11,906 Workers. Besides, there are large numbers of unregistered industrial units. Although Manipur has almost no large industry, except for two units under medium sector with the rest either in micro or small sectors which are mainly in food processing or horti and agro based industries, there has been tremendous improvement in the overall industrial climate of the State in the last few years.

## BEST PRACTICES FOR MSMEs

### INFRASTRUCTURE

#### *Incentives - Performance-based lease rental subsidy*

##### *Description of the Scheme*

To develop as one of the most favored states for setting up business units.

To fast track enhancement of tele-density, so that all the corners of the state are connected.

To promote and position to be the most preferred destination for R&D and product / service hub.

To develop as one of the best e-Governed states, along with a strong infrastructure and an ecosystem conducive for industries.

To foster a practice of continuous capacity building, for availability of skilled and employable manpower.

##### *Nature & Mode of Assistance*

- I. Performance based subsidy to parallelly offset lease rentals for the plug-and-play built up work place located in IT parks. The assistance would be provided in two stages, once after completion of two years of the commercial operation subject to a ceiling of Rs. 10 lakhs per eligible unit and second after 5 years in commercial operation subject to an overall ceiling of Rs. 20 lakhs per eligible unit. A maximum of 10 units (apart from Marquee Tenant) will be considered on merit, based on parameters like business plan, business growth in terms of turnover, local employment, enablement of secondary and temporary business lines, etc.
- II. Scheme of assistance to Micro and Small Enterprises (MSEs) for purchasing shed and plot in mini estates developed by Government of Manipur or by private developer and assistance in rent to MSEs.

#### *Incentives - Electricity Duty Exemption*

##### *Description of the Scheme*

To develop as one of the most favoured states for setting up business units.

To fast track enhancement of tele-density, so that all the corners of the state are connected.



To promote and position to be the most preferred destination for R&D and product / service hub.  
To develop as one of the best e-Governed states, along with a strong infrastructure and an ecosystem conducive for industries.  
To foster a practice of continuous capacity building, for availability of skilled and employable manpower.

#### Nature & Mode of Assistance

Eligible IT/ITES units, after coming into commercial operation will be entitled to suitable exemption on electricity at industrial tariff to be decided in consultation with the Electricity Department, Government of Manipur and Joint Electricity Regulatory Commission for Manipur and Mizoram.

#### *Subsidy on Bandwidth for Connectivity (for BPOs/KPOs)*

##### Description of the Scheme

To develop as one of the most favoured states for setting up business units.  
To fast track enhancement of tele-density, so that all the corners of the state are connected.  
To promote and position to be the most preferred destination for R&D and product / service hub.  
To develop as one of the best e-Governed states, along with a strong infrastructure and an ecosystem conducive for industries.

### ACCESS TO CAPITAL AND FINANCING INCENTIVES

#### *Incentives - Interest Subsidy for IT/ITeS MSMEs for a period of 5 years*

##### Description of the Scheme

To develop as one of the most favoured states for setting up business units.  
To fast track enhancement of tele-density, so that all the corners of the state are connected.  
To promote and position to be the most preferred destination for R&D and product / service hub.  
To develop as one of the best e-Governed states, along with a strong infrastructure and an ecosystem conducive for industries.  
To foster a practice of continuous capacity building, for availability of skilled and employable manpower.

#### Nature & Mode of Assistance

Eligible units will be entitled to avail interest subsidy as under:

- a) at 7% (on total project value) for micro enterprises with a ceiling of Rs. 5 lakhs per annum for a maximum of 10 units based on parameters of business plan, sustainability plan, existing turnover, growth of employment and realised social benefit.
- b) at 5% (on total project value) for small and medium enterprises with a ceiling of Rs. 10 lakhs per annum for a maximum of 5 units based on the aforesaid parameters.
- c) at 1% (on total project value) additional interest subsidy to the youth less than 35 years of age in case of first project or to SC/ST/Women/Differently-abled persons with a ceiling of Rs. 10 lakhs per annum for a maximum of 5 units on a merit basis.

## Incentives - Skill Enhancement & Capacity Building

### Description of the Scheme

To develop as one of the most favoured states for setting up business units.

To fast track enhancement of tele-density, so that all the corners of the state are connected.

To promote and position to be the most preferred destination for R&D and product /service hub.

To develop as one of the best e-Governed states, along with a strong infrastructure and an ecosystem conducive for industries.

To foster a practice of continuous capacity building, for availability of skilled and employable manpower.

### Nature & Mode of Assistance

Assistance provided to selected MSMEs, based on the merit of their performance and/or project proposal in the event of start-ups, with minimum 10 on-roll employees at the rate of 50% of fees, subject to maximum Rs. 10,000 per employee on obtaining industry recognised certification such as .Net certifications, Networking certifications, Big data & Analytics, Project management, etc.

Assistance under this category will be with a ceiling of Rs. 2 lakh per year per unit to a maximum of 5 units.

Quality certification: Any IT/ITeS unit registered will be granted assistance for a maximum of two industry standard quality certifications (CMMI, ISO, etc.) at the rate of 50% of cost of quality certification (inclusive of fees charged by certification agency and consulting and training charges) subject to an overall ceiling of Rs. 12 lakhs per unit per year for a maximum of 5 units per year starting from the 4th year.

Technology acquisition: Assistance for acquisition of appropriate technology in any form to a group of 5 MSMEs for a specific product/platform will be provided by way of 50% grant subject to a maximum of Rs. 50 lakhs per technology for a maximum of 5 technology acquisition programmes starting from the 4th year. The Acquisition however, should ensure technology advancement in terms of citizen-centric impact. Resellers or Franchisees will not be eligible for such an incentive.

## DIGITALIZATION AND TECHNOLOGICAL UPGRADATION

### *Scheme by Department of Information and Technology*

#### *Description of the Scheme*

To develop as one of the most favoured states for setting up business units.

To fast track enhancement of tele-density, so that all the corners of the state are connected.

To promote and position to be the most preferred destination for R&D and product / service hub.

To develop as one of the best e-Governed states, along with a strong infrastructure and an ecosystem conducive for industries.

To foster a practice of continuous capacity building, for availability of skilled and employable manpower.

### *Nature & Mode of Assistance*

IT/ITeS units which intend to establish/expand will qualify for 100% reimbursement of stamp duty and registration fee on sale/lease/transfer of land at the IT-SEZ for the first transaction and 50% reimbursement subsequently

## NON-FISCAL INCENTIVES

### Market Development Support

#### Description of the Scheme

Assistance to MSME and Incubation units for participation in international trade fairs within and outside India at the rate of 50% of expenditure

#### Nature & Mode of Assistance

Total rent of stall or rent of space and amount paid to organiser towards creation of stall and on rented space. Product literature/ catalogue and Display material subject to maximum ceiling of Rs. 5 lakhs for 2 select units or consortiums each year. The assistance provided will be only twice each year during the operative period of the policy.

Assistance would be in the way of reimbursement. MSME units (Consortiums will be encouraged) shall have to apply within six months from the date of participation.

Assistance to industry associations for participation in international trade fairs such as Manipur Pavilion outside India at 50% of total rent up to a maximum of Rs. 10 lakhs each year for up to 5 years. Minimum five industrial unit's participation is necessary. Assistance shall be in the form of reimbursement.

Viability gap support to industries associations for organising seminars / exhibitions in Manipur will be up to a maximum of Rs. 4 lakhs for national and Rs. 8 lakhs for international subject to a maximum of 2 such events in each category each year for a period of 5 years

## LABOUR AND SKILL DEVELOPMENT

### Setting up of Finishing/ Skill Building Schools

#### Description of the Scheme

To develop as one of the most favoured states for setting up business units.

To fast track enhancement of tele-density, so that all the corners of the state are connected.

To promote and position to be the most preferred destination for R&D and product / service hub.

To develop as one of the best e-Governed states, along with a strong infrastructure and an ecosystem conducive for industries.

To foster a practice of continuous capacity building, for availability of skilled and employable manpower.

#### Nature & Mode of Assistance

A fund up to 20% of the cost or Rs. 5 lakhs whichever is lower will be provided for setting up of finishing schools in IIIT-Manipur, the State Academy of Training or any other suitable area allocated by the State. The Government of Manipur will lend necessary support for the setting up of finishing schools, subject to a maximum of 2 such initiatives per year for a period of 5 years. Each initiative will be funded only once. Professional agencies / Industry resources will be suitably involved.

To foster a practice of continuous capacity building, for availability of skilled and employable manpower.

#### Nature & Mode of Assistance

A subsidy on bandwidth for connectivity paid to Internet Service Provider (ISP) shall be available for a period of two years from the date of starting commercial production/operation. Subsidy amount will be determined on the basic or Bench Mark prices to be declared by DIT-Manipur.

#### Economic Development Programme

##### Description of the Scheme

Various family oriented, employment generation, income generating programmes shall be taken up.

#### Nature & Mode of Assistance

To improve the socio-economic conditions of the poor minority and OBC communities. Schemes like Poultry, Irrigation pump set, Rickshaw/goods carrier, Embroidery, Vegetable farming, etc., shall be taken up.

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## BEST PRACTICES FOLLOWED BY MEGHALAYA FOR MSMEs

### Introduction:

In Meghalaya, Micro Small and Medium Enterprises (MSME) plays a vital role in providing large employment opportunities, it also helps in industrialization of rural and backward areas, thus contributing immensely to the development of socio-economic development of the State and our Country. In order to address policy issues, and to facilitate the development of MSME, Micro, Small and Medium Enterprises Development (MSMED) Act was notified in 2006 by the Government of India. It provides legal framework for recognition of the concept of “enterprise” which comprises both manufacturing and service entities.

## Best Practices in Meghalaya

### ACCESS TO CAPITAL AND FINANCIAL INCENTIVE

#### FOR STARTUPS

- 1) GST Reimbursement: Startups shall be eligible for annual reimbursement of SGST paid in sales of goods for a period of 5 years subject to a maximum of Rs 7 lakh per startup per year.
- 2) Stamp Duty Reimbursement: Startups shall be eligible for 100% reimbursement of Stamp Duty/REGISTRATION Fee/Conversion Fee paid on sale/lease deeds for first transaction.
  - I. Digital Upgradation Subsidy: Startups shall be eligible for digital upgradation @50% of capital expenditure for purchase of computer, related hardware, software subject to a ceiling of Rs 2 lakh per startup.
  - II. Lease Rental Reimbursement: Startups shall be eligible for reimbursement of lease rental at 50% for a period of 5 years subject to a ceiling of Rs 2 lakh per year per startup. It may include any rent paid to an incubator/co-working.
  - III. Power subsidy: Startups shall be eligible to power subsidy @ 50% subject to a maximum of Rs 10 lakh per annum for a period of 5 years.
  - IV. Reimbursement on patent filing cost: Startups shall be eligible for reimbursement @ 100% of the actual cost (including filing fees, attorney fees, search fees, maintenance fees) for patent filing with maximum limit of Rs 2 lakh for filing a domestic patent & upto Rs 5 lakh for international patent filing. This reimbursement shall be payable 75% after the patent is filed and balance 25% after the patent has been granted.

#### *Central Capital Investment Incentive for Access to Credit (CCIIAC)*

30% of the investment in Plant & Machinery with an upper limit of Rs.5 Crore on the incentive amount per unit.

#### *Central Interest Incentive (CII):*

3% on working capital credit advanced by eligible Banks/ Financial institutions for the first 5 years from the date of commencement of commercial production by the unit.

#### *Central Comprehensive Insurance Incentive (CII):*

Reimbursement of 100% insurance premium on insurance of building and Plant & Machinery for 5 years from the date of commencement of commercial production by the unit.

### TAXATION

#### *Goods and Service Tax (GST) Reimbursement:*

Reimbursement up to the extent of Central Govt. share of CGST and IGST for 5 Years from the date of commencement of commercial production by the unit.

#### *Income Tax (IT) Reimbursement:*

Reimbursement of Centre's share of income tax for first 5 years including the year of commencement of commercial production by the unit.

#### *Transport Incentive (TI):*

20% of the cost of transportation including the subsidy currently provided by Railways/Railway PSU for movement of finished goods by rail .

20% of cost of transportation for finished goods for movement through Inland Waterways Authority of India.

33% of cost of transportation of air freight perishable goods (as defined by IATA) from the airport nearest to place of production to any airport within the country.

### Objectives: R&D, INNOVATION AND IPR

- Angle Network and Social Impact Investor Groups: The State Government will encourage high net worth individuals, industrialists, successful entrepreneurs, University alumni and highly experienced business executives and professionals to create Angle Network and Social Impact Investors Groups which will help early stage funding needs of startups by way of extending financial assistance @ 10% of the amount funded to each successful startup.
- Innovation Fund: State Government proposes to establish an Innovative Fund to foster research in Information & Communication Technology, Energy, Tourism, etc in the State institutions. The fund will be utilized to facilitate technology transfer and commercialization in the institutions.

### LABOUR AND SKILL DEVELOPMENT

#### *Employment Incentive (EI):*

The Government shall pay 3.67% of the employer's contribution to Employees' Provident Fund (EPF) in addition to Government bearing 8.33% Employee Pension Scheme (EPS) contribution of the employer in the Pradhan Mantri Rojgar Protsahan Yojana (PMRPY).

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## BEST PRACTICES FOLLOWED BY MIZORAM FOR MSMEs

### Introduction:

Mizoram is the fifth smallest state in India and it is one of the seven states in North-East India , shares its borders with other north-eastern states of Manipur, Tripura and Assam and neighboring countries of Bangladesh and Myanmar . Industries in the state enjoys a unique location specific advantage. Mizoram offers a gateway for engaging in international trade with Southeast Asian Countries, bordering Bangladesh & Myanmar. Sericulture remains one of the state's key industries. Mizoram has abundant hydro-electric power potential with less than 1% harnessed through small and mini-hydel projects to date.

### Objectives:

**The following are the key objectives of this policy.**

- To promote and attract investment in the state.
- To create infrastructure facilities for establishment of industries.
- To provide incentives and technical support for promoting local entrepreneurs in setting up micro, small and medium Enterprises.
- To encourage setting up of industries based on locally available raw materials.
- To create employment opportunities particularly to the vulnerable section of the society and people in rural areas, ensuring inclusive development.
- To generate employable skills for local youth and to enhance their entrepreneurial skills and make them self-employed.
- To create a conducive ecosystem for Start-up Industries in the state.
- To promote ease of doing business by streamlining and reducing procedural formalities to speed up investment.
- To reduce sectoral and regional imbalance in the industrial development in the State by promoting Industries under all sectors.
- To create proper linkage of processing Industries with the farm produce of agriculture, horticulture, floriculture, forest and livestock.
- To encourage selective thrust sector for small, medium and large industries while ensuring equal development and ecological balance.
- To promote high value, low volume products that are easy to transport in hilly terrain of the state.
- To encourage Research and Development of business and industries.
- To encourage export-oriented industries in the state.
- To promote tourism, sports and other service Industries.

## Best Practice for MSMEs

### EASE OF DOING BUSINESS

#### *Investment promotion by creating an ecosystem for Ease of Doing Business (EoDB):*

- Reducing the regulatory burden is necessary to attract investments and to drive economic growth in the State. The peace strategy to rationalize regulatory compliance would include higher periodicity of renewals, self-certification, risk based central inspection system, simplified application forms, digitized filings, decriminalization and removal of redundant acts and compliances.
- EoDB progress in the State can only be achieved by effective implementation of the State Reforms Action Plan set out by the Departmental of Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industries, Govt. of India. At the District Level, the District Business Reforms Action Plan shall have to be effectively implemented by the Deputy Commissioners.
- The Government will take efforts to create a conducive environment for promotion of Investment in the State. The Government will ensure ease of doing business by streamlining the approval process for investors especially from outside the state.
- Single Window Act may be enacted to streamline the process of giving clearance for investment. Under the Single Window act, there will be State Level and District Level Single Investment Board. State level Investment board will give clearance for investment proposal for medium and large enterprises and proposal for investment from outside the state while district level investment board will be responsible for micro and small Enterprises. A Comprehensive guideline will be put in place for giving clearance to various investment proposals which may also include provision to address labour issues. To facilitate investment and ease of doing business Single window investment portal will be created through which all investment proposal will be monitored, facilitated for speedy clearance of viable projects. The Government may also select strategic sectors for which fast track clearance may be given.
- Venture capital investment will be encouraged to provide necessary capital for business development and acceleration of innovative and scalable entrepreneurial units. The Government will consider Creation of a Venture capital fund in tandem with venture capital units of financial institution(s).

### ACCESS TO CAPITAL AND FINANCIAL INCENTIVES

#### *Subsidy on Cost of Project Report*

Eligibility: All new MSME Unit within 1 yr of establishment.

Amount claimable:

(i) 75 per cent in case of micro enterprises subject to a ceiling of Rs. 25,000/- per unit. (ii) 50 per cent in case of small enterprises subject to a ceiling of Rs. 50,000/- per unit. (iii) 25 per cent in case of medium enterprises subject to a ceiling of Rs. 75,000/- per unit.

#### *Land Development Subsidy*

Eligibility: New MSME unit established inside Notified Industrial Area within 5yrs of existence.

Amount claimable:



(i) 25% of the amount spent by the unit on development of undeveloped land allotted to MSME with prior approval of appropriate authority on the plan and estimate for land development

#### Interest Subsidy

Eligibility: New micro and small enterprises.

Amount claimable:

- i) The interest on loan paid by an industrial unit in excess of 8.5 per cent shall be subsidized up to a maximum of 4 per cent.
- ii) Subsidy shall be limited to a claim on a total amount not exceeding Rs. 3,60,000/- paid by an industrial unit towards interest on term loan in a full year. However, for working capital loan, the total amount paid towards interest on which subsidy can be claimed shall be limited to Rs. 1,20,000/- in a full year.
- iii) If the unit avails interest subsidy under NEIDS and or other Central government scheme, only the shortfall amount, if any, will be applicable for interest subsidy.

#### Power Subsidy

Eligibility: New MSME for a period 5 yrs from the date of commencement of production

Amount claimable:

- i) 50 percent total expenditure on power consumption in case of micro enterprises.
- ii) 25 percent of the total expenditure on power consumption in case of small enterprises.
- iii) 15 percent of the total expenditure on power consumption in case of medium enterprises.

#### Subsidy on Power Line

Eligibility: New MSME within 1yr from the date of commencement of production

Amount claimable: 50 per cent of the actual expenditure subject to a ceiling of Rs. 1,50,000/- per unit.

#### Subsidy on Captive Power Generating Set

Eligibility: New MSME for a period of 5yrs from the date of commencement of Production.

Amount claimable: 50 per cent of the cost of Captive Power generating set and installation charge thereof subject to a ceiling of Rs. 3,00,000/- per unit.

#### Subsidy on transportation of Plants & Machineries

Eligibility: New MSME within 1 yr from the date of commencement of production.

Amount claimable: 50 per cent of the actual cost of transportation by railway or on road or both of plants and machineries.

## TAXATION

#### *Tax exemption for tribal:*

Mizoram State is a tribal area inhabited by tribal as per the constitution. As such, Income Tax Act 1961 under section 10(26) has exempted tribal earning in tribal areas from paying income tax. The Govt will push forward for giving same privilege in all Central taxes to tribal in tribal areas and tribal owned enterprises established in any form, be it proprietary, society under Societies Registration Act 1860, Companies Act, 2013 etc as long as the same is solely owned by tribal or a group of tribal. Govt will take up the matter with Central Government.

#### *Goods and Services Tax (GST) Reimbursement for Manufacturing Micro, Small & Medium Enterprises:*

All new Micro Small and Medium Enterprises will be eligible for reimbursement of state share of goods and services Tax (GST) paid on raw materials and finished products for a period of 5 yrs from the date of commencement of commercial production subject to the following condition:

- 1) GST reimbursement is applicable only on the net GST paid, other than the amount of tax paid by utilization of input tax credit.
- 2) Claim of GST reimbursement should be made within 6 months from the date of filing GST returns.
- 3) GST reimbursement is only for registered raw materials and finished products. GST paid for other goods or services will not be reimbursable.
- 4) Government will notify a scheme and guidelines in this regard.

## R&D INNOVATION AND IPR

The Government will provide all support for the Industrial units and Industrial association for availing schemes to be implemented under the National Manufacturing Competitiveness Programme (NMCP) and other schemes of Govt of India. Scheme will be formulated to support industrial units for obtaining quality certification, patents for their products and to undertake R&D activities for development of new design, products, machines and technology. The Govt. will give impetus on having systematic data required for industrial research and policy formulation.

## LABOUR AND SKILL DEVELOPMENT

#### *Skill development and training:*

The Government recognizes that lack of technical, managerial and entrepreneur skill among the people is one of the major problems in the process of Industrialization. Impetus will be given for skill development training and for improvement of training facilities in the State.

#### *Hand holding support for startups:*

In order to turn the educated youth from job seekers to job creators, support will be given to the 'Start-up' and 'innovative projects' in the state. The Government will encourage establishment of incubators in various institutions such as Universities, NIT and Colleges. Efforts will be given so as to make arrangements for angel investors to support budding entrepreneurs in their endeavors. Incubatees from such centres will be supported to avail SEED capital grants from the Central government. The Govt. will also consider formulation of special incentives schemes for startups. Start-ups, after successful completion of incubation will be given priority in allotment of industrial plots inside Industrial areas. DIC in each district will continue to act as a support centre for Startups in the state. Hand-holding support and mentorship will be provided to budding entrepreneurs. List of prospective entrepreneurs for acceleration and incubation will be prepared.

#### *Support scheme for bottom end Micro Enterprises:*

The grants-in-aid scheme under the Mizoram Industries (Grant-in-Aid to Industrial Units) Rules 1990 will be discontinued in its present form. Micro Enterprises especially those in village areas and home-based cottage industries will be supported so as to achieve sustainable level and to enhance their marketability. Special Grant-in aid scheme given in the Annexure II will be made available under which eligible micro enterprise and individuals will be given:

- a) Grant of subsidized Machine
- b) Working capital grant for stressed micro enterprise.
- c) Grant of Subsidized Machines/tools for quality technical service:

## NON FISCAL INCENTIVES

### *Revitalization of Stressed MSME:*

Economic downturn caused by Covid pandemic has put many MSME units under stress. The Govt. will give handholding support for eligible MSME to avail various schemes under Admanirbhar Bharat. Separate approach may be adopted for revival of stressed home-based micro enterprises with no credit facility so as to make them sustainable and turn them into an organized platform. Government will also consider creating a fund of funds for promotion and revitalization of enterprises.

### *Information and marketing support:*

The Govt. will give support to Industrial Units for effective marketing of their products both inside and outside the state as well as the export market. Price preference as provided in the Mizoram Preferential Store Purchase Rules 1994 will continue to operate. However, the same may be reviewed and suitably amended taking into account delayed payment provisions under MSMED Act 2006. The Preferential Rules may provide -

- Products of MSME in the state will be given price preference upto 15% over other products of the same quality.
- Micro & Small Enterprises in the State will be exempted from earnest money deposit on Govt. purchases. Hand holding support to on board the local manufacturers to sell/supply their products through Govt. e-Marketplace (Gem) and in popular e-commerce platforms.
- Creation of market intelligence network.
- Formation of marketing network under which the products of Micro & Small Enterprises are marketed under common brand name.
- Sponsorship of deserving entrepreneurs to attend national and international level workshops and seminars which have relevance in promoting marketing and export of their products.

### *State Innovative Cluster Development Programme:*

Mizoram, with its hilly terrain and sparsely populated villages in different hills does not always favour having industrial clusters in contiguous geographical location. A new innovative concept has been promulgated that will benefit a group of villages. This new innovative cluster will be a multiproduct cluster with varying number of units and trades depending on the condition of a particular cluster. Common facilities such as training centre, common market, dry or wet storage with cold chain facility, packaging house will be provided in each cluster. These clusters will be operated in PPP mode. Essential infrastructures like power line, road, water supply, etc. will be provided.

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## BEST PRACTICES FOLLOWED BY NAGALAND FOR MSMEs

### Introduction:

Branch MSME-DI, Dimapur is working under MSME-DI, Imphal for administrative purpose. However, for all the technical needs of the entrepreneurs from Nagaland State, Br.MSME-DI, Dimapur is working independently under the able guidance of Dy. Director I/c as head of office. It covers all the districts of Nagaland and organizes various programmes as per the Action Plan of DC(MSME), New Delhi. It also implements the various schemes of the Ministry of MSME. It maintains close liaising with the State Govt. and various industry associations for the development of Micro & Small Enterprises of Nagaland.

National Productivity Council (NPC) shall have collaborations and provide services in any or all of the suggested areas listed below or any other areas apart from the list.

### Best Practices for MSMEs

#### Ease of Doing Business

1. Arriving at the EoDB index for the state
2. Doing handholding for improving the EoDB ranking of the State.

### DIGITAL AND TECHNOLOGICAL UPGRADATION

#### *Modern Manufacturing Practices*

1. NPC is the National Monitoring & Implementing Agency (NMIU) for implementation of Lean Manufacturing Scheme of the Ministry of MSME, Govt of India. NPC can conduct Awareness Programme for the industry officials of Govt of Nagaland for disseminating about the formation of Clusters of MSME units so that they benefit of Lean Manufacturing practices can be taken by these units and they can enhance their competitiveness.
2. Special Focus/encouragement for the formation of Clusters of handicraft based units.
3. Clusters for the Food Processing units with objective to have more value addition to the products.

#### *Industry 4.0*

1. NPC can help in development of Smart Manufacturing index for specific industries and suggest Industry 4.0 features that may be incorporated appropriately and design incentivization for them.
2. NPC can undertake research studies and surveys in the areas of IT and Industry 4.0 and carry out pilots for evidence based policy support.

#### *MFCA (Material Flow Cost Accounting)*

1. NPC has developed expertise in an innovative environment management tool that saves material losses. Improves the environmental performance, helps reduce cost and enhances the productivity of the industry/MSME.
2. NPC can take up specific projects related to MFCA across various industries in various sectors.
3. Dissemination of MFCA in the State through practice-oriented certificate courses.

#### *Expediting the formation of Lean Clusters by undertaking the following activities:*

- a) Communicating with the State GM-DICs seeking their support in propagation of the benefits of the scheme thus facilitating in the formation of the Clusters.
- b) Facilitating co-ordination with Industry Associations to help divulge the benefits pertaining to the Schemes for further course of action.
- c) Providing institutional support, data availability, staffing support and financial support to MSME units for facilitating to carry out NPC services, as deemed necessary and appropriate.

### LABOUR AND SKILL DEVELOPMENT

#### *Training/E-Learning/International Experts*

1. Conduct of customized HR Capacity building programs for government officials/Technical students/Industry related people in different thematic areas through training courses, workshops, seminars and overseas training & consultancy.
2. Workshop for strengthening digital knowledge network in the State and providing digital empowerment and developing e-learning courses for government officials and industries.
3. Programmes/Interactions with Industrial APO Experts in the areas of agriculture, food processing, etc and conduct of specifically developed e-learning courses in these areas.
4. Sharing of International experiences of APO through Observational Study missions, Workshops, Technical Expert Services, Development of Demonstration companies, e-learning courses, etc.
5. Create cadre of Productivity Practitioners in the State through conduct of Basic and Advanced Productivity Practitioners Certification course for technical students of ITIs/Polytechnics/Professional colleges to enhance their employability.

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## BEST PRACTICES FOLLOWED BY ODISHA FOR MSMEs

### Introduction:

The Micro, Small & Medium Enterprises (MSMEs) contribute significantly to value addition, employment generation, exports and overall growth and development of the country's economy. In Odisha itself MSME units are generating maximum employment next to agriculture. The MSME sector is responsible for about 40 per cent of the exports and 45 per cent of the total manufacturing output in the country. Realizing the significance a separate Department of Micro, Small & Medium Enterprises has been created with an objective to facilitate, promote and enhance competitiveness of MSMEs in the state. It is a State Government initiative to rejuvenate, give topmost priority and thrust for facilitating and co-coordinating the growth and development of the MSME sector.

### Objectives

The objectives of the policy are to:

- a) Encourage new manufacturing capacity based on improved competitiveness.
- b) Provide a conducive eco-system for promotion and growth of MSMEs in potential sectors.
- c) Provide opportunities to local entrepreneurial talent.
- d) Maximize avenues of employment generation for the youth.
- e) Facilitate MSMEs in accessing domestic and export markets.
- f) Make concerted efforts for revival of sick enterprises.
- g) Make focused efforts for sustainable, inclusive & balanced growth.

### Strategy

To achieve the objectives of this Policy, the following strategy is proposed:

- a) Setting up of Facilitation Cells at all Regional Industries Centres (RICs) / District Industries Centres (DICs) and strengthening of RICs / DICs.
- b) Development of MSME Parks in districts to provide ready infrastructure for establishment of MSMEs and to promote balanced growth across regions.
- c) Development of product-specific clusters namely, cashew, engineering, rice based products, pharmaceutical, plastic & polymer, readymade garments, agro & food processing, stone wares, etc. Convergence of schemes and resources of state with and leveraging of Government of India schemes and resources.
- e) Suitable incentive packages for promotion and growth of MSMEs especially in industrially backward districts including KBK districts.
- f) Facilitate setting up of Ancillary & Downstream enterprises of the existing and upcoming Large Industries & Public Sector Undertakings.
- g) Enhance flow of credit to MSMEs by encouraging banks / financial institutions through dedicated MSME branches.
- h) Establish MSME ~ Institution linkages for creation of awareness, imparting entrepreneurial education through empanelled Institutes & setting up of Livelihood Business Incubators (LBIs) / Technology Business Incubators.
- i) Strengthen MSME ~ Academia interface for skill development, product / process development, R&D and innovations.
- j) Thrust on revival of sick MSMEs including prevention of sickness.
- k) Encourage product branding "Made in Odisha" for global recognition.
- l) Organize road shows, awareness programme and investors' meet extensively inside the country and at strategic locations overseas.

## Best Practices for MSMEs

### INFRASTRUCTURE

#### *Infrastructure Development*

1. MSME Parks shall be established in districts depending upon potential and demand. OSIC will be strengthened to act as implementing agency for the MSME parks. Private developers shall also be encouraged for establishment of such MSME parks.
2. Expansion of the existing industrial estates managed by IDCO shall be taken up basing on demand for land and availability.
3. Capital Grant to support quality infrastructure and other incentives related to infrastructure development can be availed under IPR, 2015 for development of MSME parks.
4. 10% of the land for large projects subject to an upper limit of 300 Acres shall be earmarked (by the concerned large industry) for setting up of Ancillary and Downstream Industrial Park (Ref: para 5.4.1 (d) of IPR, 2015).

### EASE OF DOING BUSINESS

1. RICs / DICs shall be the nodal agency for development of MSMEs in the state. They shall assist and handhold investors in setting up business and coordinating requisite approvals and clearances before, during and after project implementation.
2. All relevant schemes / assistance enunciated in the extant Policies of State Government and Government of India shall be dovetailed at RIC / DIC level to enable investors to take advantage as per their eligibility.
3. In order to accelerate promotion & growth in the MSME sector, MSME Department shall organize Road Shows / Investors' Meets at strategic locations inside the country as well as overseas. RICs / DICs shall similarly organize Awareness Programmes within their districts.
4. Facilitation Cells shall be set up at State Level / RICs / DICs manned by professionals / technical experts to support entrepreneurs / investors.
5. An online mechanism for administration of incentives in a time bound manner will be implemented to ensure timely sanction and release of incentives.
6. An online platform shall be set up for redressal of grievances of MSM entrepreneurs and investors.
7. A Central Inspection Co-ordination Group (CICG) has been put in place to simplify business regulations and bring in transparency in inspections.
8. A State MSME Board in line with the National Board for Micro, Small & Medium Enterprises shall be constituted as advisory for development of MSMEs.

#### *Single Window Clearance System*

The State of Odisha is committed to simplify the processes and expedite project approvals. Odisha has embarked on a mission to leverage technology to complement the governance framework. The approvals and clearances for the establishment and operations of the industries shall be through an on-line portal with minimum human interface. The State is a pioneer in implementing the "Ease of Doing Business" framework through a robust single window clearance mechanism. In fact, Odisha was one of the first States in India to constitute a Single Window Clearance System (SWCS) through legislation. This system enables the investor to approach a single designated authority and seek all clearances and approvals to setup and operationalize an industry.

### *Cluster Development*

1. Often MSMEs are of smaller size and have limitations in achieving economy of scale, negotiation, specialization, access to strategic information, which restrict them in achieving the expected level of business. Cluster approach envisages overcoming such limitations and maximising their opportunities.
2. Based on the concentration of industrial activities, initially a list of 54 potential clusters (Annexure IV) has been identified for interventions.
3. Cluster Development Cell of the Directorate of Industries will be strengthened.
4. Induced clusters of Ancillary / Downstream / other enterprises shall be promoted at industrial hubs viz. Kalinganagar, Paradeep, Dhamra, Gopalpur, Angul, Dhenkanal, Sambalpur, Jharsuguda, Rayagada and Keonjhar.
5. Special Purpose Vehicle (SPV) formed by MSMEs for the purpose of cluster development and development of common facilities / infrastructure shall be eligible for gap-funding support, after availing CFC grants from Government of India Schemes.

## ACCESS TO CAPITAL AND FINANCIAL INCENTIVES

### *Credit Flow to MSMEs*

1. An Empowered Committee under the Chairmanship of Principal Secretary, MSME as per composition indicated in para 7.4 of this policy shall monitor credit flow to MSME sector especially in schemes viz. Prime Minister Employment Generation Programme (PMEGP), Pradhan Mantri Mudra Yojana (PMMY), Credit Linked Capital Subsidy Scheme (CLCSS) and coverage under Credit Guarantee Fund Trust for Micro & Small Enterprises.
2. Government shall encourage opening of MSME dedicated bank-branch in industrial estates / industrial hubs / MSME Parks. Government land for such branches, if required can be provided at concessional industrial rate.
3. The MSMEs shall be encouraged to obtain credit ratings from reputed rating agencies for facilitation of credit.

### *Capital Investment Subsidy*

Sr no	Category of Enterprise	Quantum of Assistance
1	New Micro & Small Enterprises	25% of capital investment made in Plant & Machinery subject to an upper limit of Rs.1 crore only
2	New Micro & Small Enterprises owned by SC, ST, Differently abled, Women & Technical (Degree / Diploma) entrepreneur.	30% of capital investment made in Plant & Machinery subject to an upper limit of Rs.1.25 crore only.
3	New Micro & Small Enterprises set up in industrially backward districts including KBK districts.	Additional capital investment subsidy @ 5% of investment made in Plant & Machinery with an upper limit prescribed at sr.no.1 & 2 above as applicable.



4	New Micro & Small Enterprises engaged in recycling of E-waste, Hospital waste, Construction & demolition waste.	Additional capital investment subsidy @ 5% of capital investment made in Plant & Machinery subject to an upper limit of Rs.10 lakh over and above the limits specified as above.
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#### *Seed Capital Assistance*

The 1st generation Women, SC, ST, Differently abled entrepreneurs setting up new Micro / Small Enterprise in Industrially Backward Districts including KBK districts shall be entitled to a one time grant equivalent to 10% of Term Loan disbursed by the financing bank / institution subject to a maximum of Rs.15 lakh.

#### *Project Report Subsidy*

New Micro enterprises shall be entitled to a one time grant up to Rs.50,000/- or 2% of the project cost, whichever is lower for preparation of the detailed feasibility report / detailed project report, which will facilitate the entrepreneur to access finance from Banks / financial institutions. The said amount will be disbursed after sanction and disbursement of the first instalment of term loan by bank / Financial Institution to the Micro enterprise.

#### *Reimbursement of Audit Cost for Water Conservation*

To encourage water conservation, a onetime reimbursement of 50% of audit cost by approved agencies limiting to Rs.25,000/- shall be provided to new MSMEs undertaking water conservation measures.

#### *Assistance for raising Capital through SME Exchange*

New Small & Medium Enterprises shall be entitled for one time grant @20% of expenditure incurred for raising of capital through SME Exchange subject to a maximum amount of Rs.10 lakh after successful raising of equity as per the scheme approved by SME Exchange.

### **DIGITALIZATION AND TECHNOLOGY UP-GRADATION**

1. MSMEs shall be encouraged to undertake interventions to enhance their competitiveness with respect to quality, productivity, reduction in cost, etc. by up-gradation of technology and adoption of new technology for quality enhancement and environment friendly production.
2. Directorate of Industries in association with MSME-DI shall increase awareness of schemes of Government of India for incentivizing adoption of cutting edge technology by MSMEs such as CLCSS (Credit Linked Capital Subsidy Scheme), QMS (Quality Management Standards), QTT (Quality Technology Tools). The progress of credit delivery under.

### **R&D, INNOVATION AND IPR**

#### *Trade Mark Assistance*

New MSMEs shall be entitled for reimbursement of 50% of expenditure incurred in obtaining Trade Mark subject to maximum of Rs.25,000/-.

### Award to MSME Enterprises / Entrepreneurs

In order to encourage competition and efficiency amongst MSM enterprises, annual State Awards shall be given to best MSM enterprises / entrepreneurs in recognition of their contribution in terms of achieving highest turnover, highest employment, adoption of environment friendly & innovative technology, registration of patent, etc. for each category of Micro, Small and Medium enterprise.

### LABOUR & SKILL DEVELOPMENT

1. The MSME Department shall strive to maximize Industry ~ Institution linkage by entrepreneurial education through empaneled Project Institutes such as Institutes of Higher learning, ITIs, Entrepreneurship Development Centres under the National Scheme on Entrepreneurship Development.
2. The Technical Institutions / Project Implementing Agencies shall be encouraged through Director, Technical Education & Training / Director, Employment to assist MSMEs / MSME Associations in skill development, product / process development, research & innovation.

#### *Reimbursement of Training Expenditure*

Government will reimburse 50% of the cost of skill up-gradation and training of local manpower limited to Rs.3000/- per person for a maximum of 10 persons in Micro and 20 persons in Small and Medium Enterprises. Thrust will be given on skill development of women to enhance their employability and for that purpose an additional training cost of Rs.1000/- shall be reimbursed per woman. This support shall not be available to those employee trainees who are availing benefit under other skill development programmes of the Government. The Skill up-gradation training of local man power shall be supported in consultation with Skill Development & Technical Education Department / Odisha Skill Development Authority.

### NON FISCAL INCENTIVES

#### *Support for Ancillary and Downstream Enterprises*

1. Facilitate linkage between potential entrepreneurs and large industries for development of ancillary and downstream enterprises.
2. Facilitate easy availability of product(s) / by product(s) / waste generated by the mother industries to the MSM Entrepreneurs for further value addition.
3. Land for ancillary & downstream enterprises in industrial estates / MSME parks shall be allotted on priority basis.
4. Plant Level Consultative Committee for large industries in private sector shall be constituted with District Collector as Chairman and all other concerned officers as member for development of ancillary and downstream enterprises.
5. Plant Level Advisory Committee (PLAC) of CPSUs shall be activated. Similarly, PLAC for major state PSUs shall be put in place.
6. Focussed Study for development of ancillary & downstream enterprises shall be undertaken.
7. An "Ancillary & Downstream Enterprise Cell" shall be set up in the Directorate of Industries, Odisha with engagement of requisite professionals.

### *Marketing Assistance*

1. A web portal namely “MSME e-Bazaar” shall be developed to provide a platform to entrepreneurs to showcase their products and directly connect to buyers. The portal shall promote product branding “Made in Odisha” for global recognition.
2. MSME State Trade Fair shall be organised by Odisha Small Industries Corporation Ltd. with support from Directorate of Export Promotion & Marketing. RICs / DICs shall conduct MSME exhibitions at district level.
3. Mandatory procurement preference from Micro and Small Enterprises shall be governed as per provisions under The Odisha Procurement Preference Policy for Micro & Small Enterprises, 2015 (details may be seen at [www.msmeodisha.gov.in](http://www.msmeodisha.gov.in)).
4. Directorate of Export Promotion & Marketing will be the Nodal Agency for implementation of all marketing facilities extended to local MSMEs.
5. Government Departments and Agencies under their control shall procure product(s) from MSEs located within the State as per provisions of “The Odisha Procurement Preference Policy for Micro & Small Enterprises, 2015”.
6. The Directorate of Industries and OSIC in collaboration with MSME-DI shall organize annual Buyer & Seller Meet and Vendor Development Programmes in respect of each large industry, CPSU and major State PSUs.
7. Local Micro & Small Enterprises shall be exempted from payment of earnest money and shall pay 25% of the prescribed security deposit while participating in tenders of Government Departments & Agencies there under.

### *Export Promotion*

1. In order to enhance the export potential of the MSMEs of the State, Odisha Export Policy, 2014 is already in operation. The Directorate of EP&M shall prepare and update a product-country matrix for the MSMEs of Odisha clearly identifying the products, which have potential export market overseas.
2. The MSME e-Bazaar portal shall be developed by the Directorate of Industries and maintained by Director, EP&M. The Portal shall be utilized for hosting catalogue of products of local MSMEs having export potential.

### *Raw Material Support*

1. The Odisha Small Industries Corporation Ltd. (OSIC) shall act as the Nodal Agency for sourcing and supplying of raw material required by MSMEs / Industrial parks and cluster parks in the state. OSIC / NSIC shall set up Raw Material Bank(s) to provide such support.
2. OSIC may also set up Raw Material Bank(s) in PPP mode in collaboration with local industry / industry associations in order to meet the requirement of raw material of MSMEs wherever it is required to do so.
3. In order to promote Fly Ash product manufacturing units in non-fly ash generating areas, OSIC may take steps for supply of Fly Ash to such MSMEs.
4. The CPSUs, state PSUs and large industries shall accord priority in supplying raw material to OSIC being the Nodal Agency for MSMEs at the lowest possible rate extended to any other buyer for the same material.

### **OTHER**

#### **Odisha Youth Innovation Fund**

Vision: To motivate, facilitate & attract innovative ideas and promote innovative products & services so as to inculcate spirit of innovation among the youth/Startups for the cause of socio-economic growth of Odisha.

#### *Objective:*

1. To help Odisha to become a creative and innovative society & national leader in sustainable technology by scouting, spawning and sustaining innovations.
2. To ensure evolution and diffusion of grassroots innovations in mission mode to cater socio-economic and environmental needs of the society.
3. To provide institutional support to grassroots innovation as well as outstanding traditional knowledge and helping their transition to self sustaining activities.
4. To seek self reliance through competitive advantage of innovative based enterprises/ Startups and application of sustainable technologies from grass root levels.

#### *Size of the fund/corpus:*

The size of the fund shall be 200 lakhs funded by the State Govt. and the Corporate houses including the cost of management of funds, publicity and documentation of the program.

#### *Nature of Fund:*

Support The Odisha Youth Innovation Fund will support:

- i) Rs. 50,000 for any new idea
- ii) Rs 1,00,000 for any demonstrative product, prototypes, patents, incubated products or services
- iii) Rs 3,00,000 for development of any enterprise/ Startup based on eligible innovative idea/ products/ services as prize money as a part of state level felicitation

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## BEST PRACTICES FOLLOWED BY PUNJAB FOR MSMEs

### Introduction:

The MSME-DI, Ludhiana renders Technical Consultancy Services, techno-managerial assistance, training as well as common facility services etc. for the development of existing and new micro, small & medium enterprises located in all the 20 districts of Punjab & UT Chandigarh.

It is implementing various programmes and schemes of the Govt. of India for making the Indian MSME's globally competitive i.e. MSE Cluster Development Programme ; Reimbursement scheme for ISO-9000 / 14001 / HACCP Certification, Participation in International Trade Fairs; Marketing Assistance/Support to MSEs (Bar Code); Marketing Assistance and Technology Upgradation Scheme, Enabling Manufacturing Sector to be Competitive through Quality Management Standards (QMS) and Quality Technology Tools (QTT); Lean Manufacturing Competitiveness Scheme (LMCS), Design Clinics, Building Awareness on Intellectual Property Rights for the Micro, Small & Medium Enterprises (MSMEs), Scheme for Providing Support for Entrepreneurial and Managerial Development of SMEs through Incubators, Setting up of New Mini Tool Room under Public Private Partnership (PPP) Mode, Promotion of Information & Communication Tools (ICT) in Indian MSME Sector, Technology and Quality Upgradation Support to MSMEs, Scheme for Capacity Building of associations ; Credit Linked Capital Subsidy Scheme (CLCSS) ; Credit Guarantee for Micro & Small Enterprises (CGTMSE) ; International Cooperation scheme etc.

### Best Practice for MSME

#### *Invest Punjab*

The State accords highest priority to enhance the ease of doing business in the State. Improving the business environment is key to spur growth and generate employment. The State has set up 'Invest Punjab', a unified regulator vested with the powers to grant regulatory clearances across 23 departments. Building on the success of Invest Punjab, to strengthen facilitation support to the industry at the district level, the State would set up a similar mechanism at the District level to provide one stop clearance for all regulatory services and one stop disbursement of all fiscal incentives apart from providing host of other services to MSME units and other industrial units as may be notified by the State.

#### *Setting Up Of 'MSME Punjab'*

Punjab has a strong base of close to 1.6 lac MSME units truly reflecting the enterprising spirit of the State. In order to address a myriad of challenges being faced by the MSMEs in the State and to make it a highly vibrant and dynamic sector, the State would set up 'MSME Punjab', as part of the Punjab Industrial and Business Development Authority to focus on the development of MSMEs.

'MSME Punjab' will address the following key functions pertaining to MSME sector in the State:

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

MSME Punjab will have dedicated divisions and requisite competencies to provide necessary assistance to MSME units in Access to Finance/Credit, Access to Technology, Access to Market, Access to Skills and other needs of the Sector. The organization will be assisted by professional agencies in delivering various services to its stakeholders.

## EASE OF DOING BUSINESS

### *Invest Punjab Business First Portal:*

Extended to cover MSMEs at the district level

### *MSE Facilitation Councils:*

105 claims disposed off worth INR 233 crore (Since Nov 2018) Constituted in 7 Districts

### *Central Inspection System:*

Joint Inspections of Labour, PPCB & Boilers Randomized & risk based computerized allocation of inspections 260+ Joint Inspections Conducted (Since Jan 2019)

### *Online Land Allotment & GPS Mapping of Land Banks:*

Transparent Allotment Process

114 E-Auctions Done (Feb 19 - Aug 19)

### *Self-Certification:*

For CTO, Inspections under Labour Laws, Low risk buildings, Boilers

### *Factories License:*

Validity Up to 10 Years

### *Deemed Approval For Various Regulatory Clearances*

A statutory mechanism will be provided for deemed approval for various regulatory clearances at all levels. The entrepreneur will be at liberty to proceed further for execution of the project beyond the prescribed time limit subject to his certifying that all the provisions of regulations will be complied with.

### *Transparency in Land Allotment System*

The State will put in place a transparent and clear policy for allotment of plots and ensure GIS mapping of available land and plots for industrial use and make the information available on BusinessFirst portal. The State will design and implement a land allotment system that allows online application and payment without the need for a physical touch point for document submission and verification and implement the same through BusinessFirst Portal. The State would have a single agency for industrial infrastructure, and all land would be allotted through that Authority.

### *Reforms in Registration of Property*

The State shall ensure seamless integration between the Department of Revenue and Department of Local Bodies. The State will develop an online system for registration of properties.

### *Online availability of master plans & CLUs*

The State would ensure that duly notified master plans for all the planning areas are widely available and published on BusinessFirst portal. Khasra number and GPS coordinates (if available) would also be superimposed on various plans and made available online. The Change of Land Use service will be made available online.

### *Notification of Uniform Building Code and online approval of building plans*

The State would notify 'Punjab Uniform Building Code, 2017' applicable to the entire State and for all agencies. The State would provide an online facility for submission and approval of building plans.

#### *Single Application form for construction permit related clearances*

The Department of Housing and Urban Development & the Department of Local Government and other agencies granting construction permits shall integrate their services of granting occupation/ completion certificate via One Stop Clearance System and subsequently with BusinessFirst Portal. The State will introduce a single form for construction permits to be sanctioned within a specified time period. The State would also ensure issuance of single completion cum occupancy certificate within 15 days.

#### *Easing the process of Electricity Connection*

The State would reduce the number of documents required for obtaining the electricity connection to only two i.e. proof of ownership/occupancy and authorization document in case of firm/company.

#### *Reducing the timeline for new connections*

The State would ensure that charged electrical connections up to 150 KVA is provided within 7 days, where no 'RoW' is required and in 15 days where RoW is required from concerned agencies. The State would devise the system where there is deemed ROW clearance subject to depositing the requisite fee to the relevant agencies.

#### *Reducing the timeline for certificate from Chief Electrical Inspector*

The State would ensure online certification by Chief Electrical Inspector within 7 days.

#### *Road Cutting Permissions*

The State would ensure grant of road cutting permissions by PWD and other agencies through Business First portal.

#### *Release of Water Connection*

The State would ensure online permission for water connection from concerned authority to be given within 7 days.

#### *Reforms In Environment Regulations*

##### *Exemption from Grant of CTE/CTO for Green Category*

The State in consultation with Punjab Pollution Control Board exempt Green Category Industries from consent management subject to appropriate self-regulatory measures.

##### *Auto-Renewal of CTE and enhancement of validity period*

The State in consultation with Punjab Pollution Control Board would allow auto-renewal of Consent to Establish based on self-certification/third party certification and validity period of consent will also be enhanced.

## ACCESS TO CAPITAL AND FINANCING INCENTIVES

### *Improving Access to Finance*

MSME Sector has been identified as a Strategic Pillar in the Punjab Industrial & Business Development Policy, 2017. Government is working actively with financial institutions to facilitate easy access to finance

Net GST reimbursement for 7 years with recovery of up to 100% FCI  
5% p.a. Interest Subsidy in Border Districts & Kandi Areas and SC/Women  
Entrepreneurs up to INR 10 Lakhs/ year for 3 years  
100% Exemption in Electricity Duty for 7 years  
100% Exemption/ Reimbursement from Stamp Duty

### *Sector Specific Additional Incentives*

Agri & Food Processing: 100% Exemption of all taxes & fees paid for purchase of raw material up to 10 years

Textile including Apparel & Madeups, Technical Textiles: 5% Interest Subsidy for MSMEs for 3 years up to INR 10 lakhs p.a.

Electronics: 50% top up of Capex Support provided by MEITY, GOI to first 10 Anchor up to INR 10 crore per unit for units setup in notified EMCs.

Tourism & Hospitality: 100% Entertainment Tax Exemption

IT & ITES: 50% of FCI subject to ceiling of INR 2.5 crore per unit

## DIGITALISATION AND TECHNOLOGICAL UPGRADATION

### *Promoting Access to Technology/ Certifications*

- 50% of the cost subject to maximum of INR 25 lakh for adopting technology from a recognized National Institute
- Reimbursement of 50% of expenses subject to maximum of INR 5 lakh incurred on plant and machinery/testing equipment for obtaining at least bronze category status under ZED scheme
- 75% reimbursement subject to maximum of INR 2 lakh for energy audit and maximum of INR 1 lac each for water audit and Safety Audit
- 50% financial support subject to max of INR 25 lakh on capital cost for setting up of effluent treatment plant and for installation of Air Pollution Control Devices

## R&D, INNOVATION AND IPR

### *University and College Incubators*

The State will promote the setting up of Incubation Centres in Universities and other Academic Institutions. These incubation centres play an important role in promoting entrepreneurial culture in students. It inculcates the concept of entrepreneurship in the mind of students in place of finding jobs after completing their studies. Besides the principles and practices of good business ownership which incubator programs provide, the student business owners also enjoy a creative, innovative, and engaging environment. The State will also put in the efforts to build strong academia industry linkages and networking through these incubation centres. The incubation facilities could also be made available to non-residents or non-students to bring greater benefits and learnings for all stakeholders. The students will be provided information and support regarding available State & Central schemes, incentives and grants.

### *IKG PTU to Set Up Fund for Startup*

In order to help youth of the State and develop them into entrepreneurs, IKG Punjab Technical University in partnership with the State Government will set up a Startup Fund of Rs. 100 crores, which will be used for promoting incubation centres, seed money for Startups, scale up funding and other support to the Startup units. 25% funds will be dedicated to promote Startups by SC and Women entrepreneurs.



### *Private Incubators and Accelerators*

The State would also encourage private sector lead Incubation Centres and Accelerators and provide them necessary support. The State would frame a scheme to provide various fiscal and non-fiscal incentives to promote development of Incubation Centres in private sector.

### *Setting Up of Sector Specific Incubators*

In order to provide impetus to entrepreneurship in the focus sectors for development, the State would encourage setting up sector specific incubators such as Digital manufacturing, Life Sciences & Biotechnology, Agro & Food Processing and Information Technology. These incubators will be set up in and around the existing and envisaged industry clusters in the State.

## WOMEN ENTREPRENEUR INITIATIVES

### *Special Focus on Women Entrepreneurship*

Women entrepreneurs constitute a small percentage of overall entrepreneurs. Women entrepreneurs need to be encouraged for significant social and economic development and inclusive growth. The State would identify specific challenges women entrepreneurs face in formal and informal sectors of economy including rural and urban areas and create a facilitative environment for women entrepreneurs to contribute to economic development.

The State would encourage women entrepreneurs, create awareness among women entrepreneurs on various State & Centrally sponsored schemes. The State would also handhold women who have business ideas and are interested to start their business ventures. The State will provide specific schemes to promote Women entrepreneurship.

### *Special Focus on SC Entrepreneurship*

For growth and prosperity to be truly inclusive, all sections of the society need to partake in this prosperity. Besides wage employment and education, the marginalized sections of the society also need to envision, create and scale-up ventures to be a major participant in this growth story. There is a need to substantially increase SC entrepreneurs and the number of SC owned enterprises to enable the socio-economic empowerment of the SC communities.

The state would encourage SC entrepreneurs, create awareness among SC entrepreneurs on various State & Centrally sponsored schemes and provide handholding support to them. The state will dovetail Standup India program with State specific schemes to promote entrepreneurship amongst SC youth. The state will dovetail the Standup India program with State specific schemes to promote entrepreneurship amongst SC youth.

## NON FISCAL INCENTIVES

### *Improving Market Access*

- 1% of FOB value or actual freight paid from the place of Manufacture to the place of shipment, whichever is less subject to maximum of INR 20 Lakh per annum
- Reimbursement of industry contribution of INR 1 Lakh per program for design awareness program by National Institute of Design, Ahmedabad
- Assistance of INR 5 crore to Punjab MSMEs for assisting the Industry in organizing Vendor Development Programmes, Buyer – Seller meets, Reverse Buyer-Seller meets
- Assistance to MSMEs for showcasing their products at local, national and international events:

- @50% of total rent limiting to INR 10 lakh for participation of minimum 5 units in Punjab Pavilion in International Trade Fairs abroad
- @25% of total rent limiting to INR 3 lakh for Domestic Conferences and Trade Fairs
- 75% reimbursement of expenses incurred for patent registration subject to INR 10 lakh for domestic patent and INR 20 lakh for international patent
- 100% reimbursement of expenses incurred on quality certifications subject to maximum of INR 10 lakh
- 25% reimbursement of the fee subject to maximum of INR 10,000 in addition to support given under Performance and Credit Rating Scheme of Ministry of MSME, Govt.

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## BEST PRACTICES FOLLOWED BY RAJASTHAN FOR MSMEs

### INTRODUCTION

A land of rich heritage, vibrant art and culture, abundant natural resources, highly skilled human resources and entrepreneurship, Rajasthan is fast emerging as a key industrial destination in India. The industrial contribution (27.8%) to States economy is growing continuously. Strong Industrial Infrastructure which includes RIICO Industrial Areas with 48,399 acres of developed Industrial land. More than 40,000 units in production. 1.2.3. Land bank of 20,000+ acres. Theme based parks for Agro processing, Spices, Gems & Jewellery, Stones and Minerals.3 SEZs, 8 Inland Container Depots and air cargo complex. It's a strong base for MSMEs with more than 26 Lakh MSMEs in the state. MSMEs in Rajasthan provide employment to about 46.33 lakh people. Strong base of MSMEs in Gems and Jewelry, Handicrafts, Food Processing, Auto-Components, Textiles, Leather and Dimensional Stones.

### OBJECTIVES

- To develop and maintain industrial infrastructure
- To offer competitive fiscal incentives
- Maximize potential of human capital of the State
- Most efficient utilization of natural resources
- Special focus on 'Backward' and 'Most Backward' areas
- To foster entrepreneurship & innovation
- To promote industrial symbiosis and environmentally sustainable industrial development
- To support technological up gradation of Industry
- To usher in the new era of Industry 4.0
- To rationalize regulations and inspections
- To instil pro-industry outlook
- To strengthen the thrust sectors of the State

### STRATEGIES ADOPTED

- I. To strengthen the Ease of Doing Business Ecosystem
- II. The Micro, Small and Medium Enterprises (MSME) Facilitation of Establishment and Operation Ordinance 2019, to exempt all inspections for permission, NoC, clearance, consent, approvals, registration, license etc. required under any State law in connection with establishment or operation of enterprise for a period of 3 years.
- III. All requisite business clearances being granted online in time bound manner.
- IV. Develop a Peaceful industrial environment throughout the State.

## BEST PRACTICES FOLLOWED BY STATE FOR MSMEs

### INFRASTRUCTURE

#### *Conducive industrial infrastructure*

#### **Industrial infrastructure development**

- I. Development of new industrial parks/ estates including theme based/sector specific parks.

- II. Development of industrial parks on Public Private Partnership (PPP) mode including both models of 'Private land-RIICO investment' and 'RIICO land-Private investment'.
- III. Flexible and speedy land acquisitions through models of direct purchase/ land pooling/ land aggregation.
- IV. An incentive/facilitation scheme shall be formulated for development of private industrial parks
- V. A mechanism for property title verification shall be introduced to facilitate land purchase for industry.
- VI. Promotion of plug & play facilities/flatted factories.
- VII. Simplification and streamlining of rules regarding land allotment and various charges/penalties.
- VIII. Provision for allotment of industrial land on short term lease basis.
- IX. Provision for developing social infrastructure such as Schools/Creches, Hospitals and Entertainment facilities shall be made in industrial areas as per requirement.
- X. Barren land in backward area shall be allotted at concessional rate for the establishment of industry.
- XI. Provision to permit Khatedari land up to certain limit for mix land use-Industrial, Commercial and Residential purpose without conversion and conversion charges
- XII. No requirement of conversion for use of agricultural land up to 10 acre for industrial purposes.
- XIII. A new scheme for systematic development of industrial housing and dormitory / sheds for labourers and employees in RIICO industrial areas / clusters shall be initiated
- XIV. Industrial Township near oil refinery for petrochemical industry shall be developed

#### **Power**

- I. Dynamic power tariffs shall be introduced.
- II. Simplification and reduction of wheeling charges.
- III. Additional surcharge and cross subsidy surcharge on open access shall be waived off / reviewed to ensure competitiveness of domestic industries
- IV. Special category/package of power tariffs especially for steel and textiles industry
- V. Special incentives for units engaged in manufacturing of Photovoltaic (PV) and battery modules.
- VI. Industry shall incentivised for installing renewable power projects, either at the site of operations or at any other location in Rajasthan, with rebate in transmission charges.
- VII. Electricity duty on electricity produced through Captive power plant shall be exempted till the limit of self-consumption.
- VIII. Provision of providing electricity at residential rate to apparel, handloom and certain handicrafts with certain norms shall be introduced

#### **Logistics**

- I. Assistance shall be provided for developing Multimode Logistics Hubs (MMLH), Logistics Parks, Cold Chains and Inland Container Depot (ICDs) shall be provided to strengthen the logistics infrastructure.
- II. Seasonal industry status shall be given to Cold Storage units
- III. To reduce vehicular congestion and strengthen parking facilities, the vacant plot(s) shall be permitted in residential / commercial / industrial / institutional / agriculture

areas for parking, at predetermined rates, without the need of conversion and conversion charges.

- IV. Requisite land shall be provided near consumption zones in all divisions for development of logistics and warehousing facilities.
- V. Existing warehouses shall be incentivized for upgrading to modern technology based logistics centre
- VI. A grant shall be provided for custom cost recovery for strengthening of ICDs under RSIC.

## EASE OF DOING BUSINESS

### *Rationalizing regulations and inspections*

- I. Timelines for statutory approvals for starting, operating & expanding businesses shall be reduced by minimum 50% through process reengineering by Department
- II. Total number of inspections shall be reduced and the inspection process shall be rationalized across Departments concerned with industrial operations.
- III. The existing acts, rules & concerned statutory processes shall be pro-actively evaluated and requisite amendments shall be undertaken.

### *EoDB & pro-industry outlook*

- I. All industry related services shall be provided through an easy and smart 'One Stop Shop' IT application
- II. Land conversion in urban limits shall be simplified and implemented in a time bound manner for land parcels designated for agro food processing, warehousing and cold storage units in master plans
- III. Conversion charges in peripheral villages shall be at par with conversion rates for rural areas for non-agriculture land use.
- IV. All Departments at Central (Jaipur) and District levels shall work with a common goal of attracting industry, easing compliance processes, giving services in time bound manner and providing support throughout investment life cycle.
- V. One Stop Shop' for all investment related matters such as business information to investor, investor queries, expediting regulatory approvals; participating in investment events, facilitating meetings with relevant Government and corporates, hand-holding support for matters related to fiscal incentives and investors' feedback.
- VI. The enterprises shall register and submit their grievance on "One Stop Shop" portal which shall be processed and resolved by the District Level Grievance Committee headed by the District Collector within prescribed timelines.
- VII. Focused and planned inbound and outbound investment promotion activities for thrust sectors and target countries.
- VIII. An outreach centre shall be set up at New Delhi for targeted countries for enhanced collaborations, connects, marketing and branding.
- IX. Sectoral focused conferences and mini events shall be organized every quarter.
- X. A continuous investor feedback exercise shall be undertaken to measure the development and impact in this area.
- XI. Sensitization/orientation training for government officials involved in industrial processes shall be introduced for improving investor experience.

## ACCESS TO CAPITAL AND FINANCING INCENTIVES

- I. Assistance to MSMEs shall be provided for capital investments, technology upgradation, acquisition/up gradation, credit guarantee, quality certification, R&D, branding & promotion and Intellectual Property Rights (IPR).
- II. A special scheme for financial assistance to entrepreneurs belonging to SC, ST, women entrepreneurs, cottage industries, street vendors and Self Help Group (SHG) shall be formulated.
- III. A new and convenient 'loan scheme' for micro enterprises shall be formulated by Rajasthan Financial Corporation (RFC).
- IV. A composite scheme for MSMEs shall be formulated.
- V. Export promotion assistance shall be provided to exporting units for establishing market linkages.
- VI. The process of availing incentives shall be simplified, transparent and time bound for approval, sanction and disbursement under the incentive scheme
- VII. Exemption from State tax for new industry in tribal, hilly and desert area shall be provided for first 3 year
- VIII. Attractive fiscal incentives shall be provided to anchor units setting up their base in any industrial area.
- IX. Benefits shall be granted to developers of industrial parks, advanced testing labs, labour housing & dormitories and logistics facilities such as MMLH, Logistics Parks, Warehouses and Cold Chains

## DIGITALISATION AND TECHNOLOGICAL UPGRADATION

- I. New Technology Development Centres/ Common facility centres with advanced technology shall be established in existing clusters.
- II. Assistance to R&D centres, testing and certification labs shall be provided
- III. Support shall be provided to educational institutes to promote entrepreneurship by providing access of labs and state of the art machinery.
- IV. Incentives for technology acquisition, skill development and R&D shall be provided to industries engaged in development of product for Industry 4.0.
- V. Support shall be provided to State incubators for upgrading facilities with new age technologies such as Internet of Things (IoT), FinTech, Clean Energy, Climate Engineering, Clean Transportation, Social Media, Analytics, Cloud Computing. Robotics, Artificial Intelligence as well as in Pharmaceutical and Healthcare sectors.

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## BEST PRACTICES FOLLOWED BY SIKKIM FOR MSMEs

### Objectives:

- (i) To boost entrepreneurial spirit amongst the local unemployed youth and school dropouts of the State and enthuse them for setting up of any commercially viable/ bankable Startup ventures in any sector including agriculture/ horticulture/ food processing/ animal husbandry/ handloom & handicrafts, etc. in the State in tune with the State Government policies.
- (ii) To instill the feeling of self-confidence amongst the local youth by providing an enabling environment and initial financial handholding for their future socio economic growth by becoming promoters of their own ventures.
- (iii) To make them owner of their startup venture rather than becoming an employee of someone else.
- (iv) To provide a platform for transforming any innovative ideas into a commercially viable business venture for economic up-liftment.
- (v) To generate equitable entrepreneurial opportunities in rural as well as urban areas of the State through setting up of new self-employment ventures/projects by providing one-time non-refundable financial assistance in the form of promoter's financial contribution component of 25% (35% in case of conditional non-manufacturing sector projects) as margin money/ promoter's financial contribution in respect of the PSU Bank/ PSU financial institution approved project for funding under their schemes or any other credit linked central subsidy scheme.

## BEST PRACTICES FOR MSMEs

### ACCESS TO CAPITAL AND FINANCIAL INCENTIVES

Introduction of a new credit linked promoter's contribution financial assistance scheme called Chief Minister's Startup Scheme (CMSS) has been approved by the Government of Sikkim with a view to provide an impetus to the local unemployed youth including school dropouts to develop new entrepreneurial ventures and self employment opportunities in Rural as well as Urban areas of the State as Startups, both in the manufacturing and service sectors including agriculture/ horticulture/ food processing/ animal husbandry/ handloom & handicrafts, etc. from the year 2017-18. The scheme aims to provide for front ended promoter's financial contribution assistance component of 25% (35% in case of conditional non manufacturing sector projects) of the project cost in respect of financially viable/ bankable Projects for the ventures entailing total investment up to Rs. 20.00 lakhs.

Startup projects under manufacturing or service sector including agriculture/ horticulture/ food processing/ animal husbandry/ handloom & handicrafts, etc., with maximum project cost of Rs.20.00 lakhs shall be eligible under the scheme. Admissible financial assistance of 25% (35% in case of conditional non-manufacturing sector projects) of the approved bankable project cost in the form of front ended promoter's financial contribution assistance which should be treated as promoters margin

money or promoters contribution for the bankable project approved by any PSU financial institution/ PSU bank. In respect of those non-manufacturing sector projects for example pertaining to tourist taxi operation project, etc, that might be inadmissible for grant of Central subsidy under any of the credit linked Central sector subsidy schemes, e.g., PMEGP, NABARD, etc, due to project cost restrictions, non coverage of the activity, etc, the promoter's contribution financial assistance under CMSS amounting to 35% of the approved bankable project cost shall be admissible; other conditions remaining the same. In the rest of the non-manufacturing sector projects, the promoter's contribution financial assistance under CMSS shall remain at 25% of the approved bankable project cost.

The Government of India approved a package of fiscal incentives and other concessions for the North-Eastern region including Sikkim namely, ' The North East Industrial and Investment Promotion Policy (NEIIP), 2007', effective from 1st April, 2007, which envisages large number of incentives/ subsidies viz., Excise Duty exemption, Income Tax exemption, Capital Investment Subsidy, Interest Subsidy, etc.

#### Skilled Youth Startup Scheme

##### Objectives:

- i. To promote entrepreneurial qualities amongst the local unemployed youth and encourage them for setting up of any commercially viable/ bankable business venture in any sector including agriculture/ horticulture/ food processing/animal husbandry/handloom & handicrafts/retail/tourism/services/manufacturing etc. in the State in tune with the State Government policies.
- ii. To generate equitable entrepreneurial opportunities in rural as well as urban areas of the State through setting up of new self-employment ventures/projects by providing one-time non-refundable financial assistance of 50%/35% with back ended subsidy on project approval by the Bank/ PSU financial institution.

##### Subsidy:

Subsidy at the rate of either 50% or 35% of the bank accepted and sanctioned project cost will be sanctioned by the Department and transferred online to the banks as back ended subsidy under the Scheme.

#### Activities covered and maximum project cost:

Sr no	Category	Maximum Project cost Admissible
1	Animal Husbandry, Agriculture & Allied activities-Dairy, Poultry and Piggery	Dairy:5 lakhs Poultry:3 lakhs Piggery:5 lakhs
2	Organic Farming - Green house	3 lakhs
3	Food Processing and other manufacturing sectors	10 lakhs



4	Wood Handicraft & Cottage Industries	10 lakhs
5	Metal Fabrication works	10 lakhs
6	Tourism -Paragliding, Mountain cycling, etc.	10 lakhs
7	Rural Homestays	15 lakhs
8	IT & IT enabled services	10 lakhs
9	Cutting and tailoring for Cooperative registered societies	20 lakhs
10	Bakery & Restaurants **	15 lakhs
11	Beauty Parlours /Boutique/Grocery/Manihari & other retail shops	10 lakhs
12	Coaching Institute/Training Centre	5 lakhs
13	Herbal Products Industry including Nurseries	10 lakhs
14	Paper bags/Paper plates	10 lakhs
15	Bamboo based Industry (Cane & Bamboo)	10 lakhs
16	Automobile Workshop Garage/Car spa	10 lakhs
17	Diagnostic Centres	20 lakhs
18	Film Industry/Film Auditorium (Mini size) excluding construction	20 lakhs
19	Any Other Project which the Committee deems to be fit for funding	Nominal funding

\*\* Employment generation criteria: One employee to be employed/engaged against an investment of Rs. 5 lakhs.

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## BEST PRACTICES FOLLOWED BY TAMIL NADU FOR MSMEs

### INTRODUCTION

Tamil Nadu is one of the most advanced and admired states in India. Its success is driven by a self-sustained and self-propelled industrial growth process. Tamil Nadu is home to the highest number of factories and industrial workers in the country, and a leader in terms of industrial output. Tamil Nadu has been a significant contributor to India's growth story and has witnessed consistent economic growth for decades. Tamil Nadu has a highly developed industrial manufacturing eco-system. It has evolved into the largest hub for the production of automobiles and auto-components, textiles, leather products, light and heavy engineering, pumps and motors, electronic software, and hardware. The State continues to be a national leader in exports of automobiles and automotive components, leather products, software, and ready-made garments.

### OBJECTIVE

- Continuously improve ease of doing business
- Enable and accelerate the state's knowledge and innovation ecosystem into becoming India's foremost hub for high-tech industries in the sunrise sector.
- Harness the state's skilled human resources for economic development
- Enable balanced regional development

### STRATEGIES ADOPTED

- I. Achieve inclusive and balanced regional growth,
- II. Accelerate industrial growth through incentives and facilitation measures
- III. Promote resilient industrial development that aligns with environmental sustainability,
- IV. Develop an innovation ecosystem and promote investment in technology adoption.
- V. Encourage FDI & exports
- VI. Implementation mechanism that delivers incentives in an objective, transparent and timebound manner.

## BEST PRACTICES FOLLOWED BY STATE FOR MSMEs

Micro Small & Medium Enterprises (MSMEs) are significant drivers of growth in Tamil Nadu's economy. Tamil Nadu has an established presence of a diversified and robust MSME ecosystem with about 50 lakh MSMEs. MSMEs support the industrial ecosystem synergistically through their complementarity to the large industries as ancillary units as well by attracting large greenfield projects with a well-established supply chain. The growth of MSMEs in tandem with large industries is vital for sustainable and balanced regional development. They have a separate MSME policy.

## INFRASTRUCTURE

### *Industrial Parks & Land Bank Creation*

- I. State Industries Promotion Corporation of Tamilnadu Ltd (SIPCOT) & Small Industries Development Corporations (SIDCO) Industrial Parks have a cumulative land bank of nearly 40,000 acres out of which 3500 acres is available
- II. There is reservation of 20% of land area in SIPCOT Industrial Parks for MSMEs
- III. The Government is also developing industry-specific parks to help promote cluster-based development. Public and private industrial parks in the state are also looking at providing plug & play facilities to attract export-oriented industries
- IV. SIPCOT now allows allottees who have used up 50% of their allotted area, to construct Plug & Play facilities and sublease it to others .
- V. A special incentive package shall be provided to developers of private industrial parks in this Policy
- VI. TANSIDCO will develop 5000 acres of land for MSMEs across the State to promote widespread industrial development.
- VII. TANSIDCO will give priority in allotment to SC/ST and transgender entrepreneurs (20%), women entrepreneurs (30%), and Ex-servicemen (10%).
- VIII. Allotment of TANSIDCO plots and flats will be done based on fair and transparent criteria using an online workflow system
- IX. A clear land re-classification policy for industrial use, for TANSIDCO and private Industrial Estates, will be formulated and approvals for change of land use (CLU) will be streamlined.
- X. TANSIDCO will develop Plug & Play facilities, plots and sheds and make them available on short term lease.
- XI. TANSIDCO will also make effective use of land resources to reclaim unused land for allocation to MSMEs
- XII. A corpus of Rs. 500 cr. for the Estate Infrastructure Development & Maintenance Fund will be setup for up-gradation and better maintenance of TANSIDCO estates
- XIII. Encourage setting up of worker hostels in the non-processing areas of TANSIDCO industrial estates and industrial clusters having huge migrant labour force to enhance labour welfare and productivity. This will be taken up through public-private partnership (PPP) and also by leveraging the Tamil Nadu Shelter Fund and other Schemes of Central and State Governments.
- XIV. New/existing small enterprises undertaking expansion or diversification of their projects while mortgaging and hypothecating their assets will be eligible for a rebate/ reimbursement of 50% of the stamp duty. In the case of micro enterprises this will be 100%

### *Improve Competitiveness and Productivity*

To raise the global competitiveness of MSMEs, the MSME Department will:

- I. Design an MSME Manufacturing Competitiveness & Sustainability Initiative (MC&SI) to incentivize resource efficiency, environmental sustainability, and adoption of international product/process quality standards
- II. Promotion of Energy Audit and Conservation of Energy (PEACE) initiative and Q-Cert programme will be strengthened to ramp up productivity and competitiveness
- III. Upgrade the existing Government Testing Labs by providing state of the art facilities with NABL accreditation to meet the testing requirements of MSMEs.

- IV. Channelize Central Government Programmes to facilitate technology upgradation and modernization through schemes such as Credit Linked Capital Subsidy Scheme (CLCSS), Technology and Quality Upgradation (TEQUP) Scheme, Lean Manufacturing Competitiveness Scheme, Design Clinic Scheme for Design Expertise, financial support to MSMEs for ZED certification, etc.
- V. Incentivise green initiatives by the adoption of cleaner and environment-friendly technologies for efficient usage of resources and waste management including electronic waste
- VI. Undertake Intellectual Property Rights (IPR) campaigns through EDII to enable more MSMEs to effectively utilize the IP regime for their growth. v. Promote the adoption of smart technologies including AI/machine learning/IoT amongst MSMEs in both manufacturing and services to improve their productivity and to gear them towards Industry 4.0.

#### CLUSTER DEVELOPMENT INITIATIVE

- I. Undertake complete mapping of macro and micro MSME clusters in Tamil Nadu and prepare cluster development master plans as a joint development programme with MSME cluster associations
- II. Support MSME cluster associations and TANSIDCO industrial estates to set up common facility centres, modern tool rooms, quality testing labs, environment management infrastructure etc., through Special Purpose Vehicles (SPVs). Such SPVs will also be permitted to outsource the setting up and/or operation of such facilities to a third-party service provider
- III. Land for such common facility centres, Common Effluent Treatment Plants (CETPs), Common Waste Management Facilities and other common amenities will be provided at a nominal lease to the cluster association or the service provider identified by the cluster association.
- IV. Plan and implement a soft-intervention programme for building institutional leadership, managerial and technical capacities of important clusters through EDII.
- V. Extend extra support to clusters in which Tamil Nadu already enjoys a considerable competitive advantage, besides other sunrise sectors.

#### EASE OF DOING BUSINESS

The State is on course to meet global standards for ease of doing business by undertaking 301 reforms suggested under World Bank and DPIIT's Business Reform. The reforms are spread across thematic areas such as access to information and transparency, single window system, land availability and land allotment, registering property, construction permit, environmental registration, utility permits, labour regulations, sector-specific reforms, inspection, indirect taxes filing, contract enforcement, and procurement.

The State is implementing new initiatives such as completely digitizing government-to-business (G2B) interactions through the development of a New Single Window Portal, development of Central Inspection System to monitor compliance inspection, Deemed Clearances, Comprehensive Land Portal, Construction Permit Portal, creation of Investment Facilitation Desks across countries and sectors and automatic renewal of select licenses

### *Single Window Facility*

- I. This covers 87 services offered by various departments with defined timelines for granting approvals/clearances at various stages of the business lifecycle.
- II. Ensuring adequate availability of information needed by investors for securing necessary clearances in English/Tamil
- III. Onboarding all relevant government service providers to integrate the remaining services
- IV. Providing time-bound clearances and providing deemed approvals prior to commencement of commercial operations for all identified clearances
- V. Developing a repository for common documents required for clearances
- VI. Online facility for application for incentives
- VII. Deploying an online tracking mechanism for all clearances, incentives, and communication.

### *Investor Facilitation Desk*

- I. Investor Facilitation Desks have been set up to provide information to entrepreneurs regarding the scope of setting up of industries in the state of Tamil Nadu, give them guidance on the procedural aspects of starting industries, incentives and facilities available and, assist them in resolving any problems they may face in setting up an industry.
- II. Desks for Taiwan and the USA have already been created.
- III. A dedicated desk and portal for Non-Resident Tamils – “Yaadhum Oorae” has been constituted to encourage and facilitate investments in Tamil Nadu by the substantial Tamil diaspora spread across the globe.
- IV. The State also has joint working committee agreements with Japan, U.S.A., U.K., U.A.E., Korea, and Germany to further international cooperation for industries.

### *Biz Buddy*

- I. Biz Buddy is Tamil Nadu’s industry help desk portal designed to help businesses report operational issues for resolution by various government departments, disbursement of incentives, and approval of pre-establishment, establishment and operation clearances required, within 30 days on a best effort basis.
- II. The platform offers features for tracking and monitoring the status of the application through SMS and email notifications.
- III. Biz Buddy will also serve as a mechanism for industries to share their ideas and suggestions for improving the industrial climate in the state and to crowdsource solutions for specific challenges.
- IV. With business-centricity at its core, Biz Buddy is developed on robust IT infrastructure to ensure seamless service for facilitating all regulatory services throughout the life-cycle of the investment and operation.
- V. As of August 2020, the portal has 103 officers across 15 departments, 48 agencies and including all district collectors. Biz Buddy has reduced the processing time of pending applications by over 80%

## ACCESS TO CAPITAL AND FINANCIAL INCENTIVES

### *SCALING UP MSMEs*

To enable existing units to scale-up and diversify, the State Government will:

- I. Provide financial support for listing in the SME exchanges and raising capital from stock markets.
- II. Provide attractive incentives such as Capital Subsidy, Special Capital Subsidy, Interest Subsidy, and Subsidy for Backward Blocks and Agro-industries for expansion or diversification of MSME units.
- III. Provide special incentives for the MSME sector as stated in the Tamil Nadu Electric Vehicle Policy 2019 and Tamil Nadu Electronic Hardware Manufacturing Policy, 2020.
- IV. Collaborate with banks and financial institutions to set up more specialized MSME branches in industrial areas for the benefit of MSMEs and Startups.
- V. Facilitate access to working capital for MSMEs through banks and NBFCs based on firm orders from well-established firms and strengthening of Trade Receivables Discounting System (TReDS).
- VI. Set up an Alternate Investment Fund (AIF) for the MSMEs.
- VII. De-risk MSMEs from natural disasters and disruptions through a dedicated insurance scheme.

*Facilitate investment, including Foreign Direct Investment (FDI)*

MSME Trade and Investment Bureau (M-TIPB) will provide escort services to prospective foreign investors in the MSME sector. The M-TIPB will:

- I. Provide information to entrepreneurs especially investors from abroad and other states regarding the scope of setting up of industries/service establishments in the State
- II. Extend escort services for setting up of industries, for availing incentives and facilities available
- III. Conduct applied research on MSME policy and administration and take up evaluation studies of programmes and policies
- IV. Function as a facilitating agency for single-window clearance for new MSME investments from outside Tamil Nadu to facilitate speedy and timely clearances
- V. Facilitate identification of vendor MSMEs for the large industries that are set up in the State

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## BEST PRACTICES FOLLOWED BY TELANGANA FOR MSMEs

### OBJECTIVE

- The Government regulatory framework shall facilitate industrial growth
- Entrepreneurs will thrive in a peaceful, secure and progressive business regulatory environment
- Industrial development will lead to massive creation of jobs benefitting local youth
- Industrialization shall be inclusive and facilitate social equality
- Benefits of industrialization should reach marginal and socially disadvantaged sections of the State
- Environment will be protected and any potential impacts shall be mitigated

### STRATEGIES ADOPTED

- VII. The focus will be on core manufacturing sectors, with the creation of employment for urban and rural youth and adding value to existing skills emphasised at all stages. It is expected that the most significant outcome of this approach will be the production of high quality goods at the most competitive price Accelerate industrial growth through incentives and facilitation measures
- VIII. An online and help-desk grievance redressalsystem will be put in place where entrepreneur will be encouraged to report instances of corruption or any delays in performing timely tasks by Telangana State Government departments.
- IX. Timely and strict disciplinary action will be taken against those employees who violate the parameters of the Industrial Policy Framework,
- X. Minimum inspection would encompass a system of no random inspections without cause. Subject to statutory requirements, the departments will develop a system where each industrial unit is inspected only once in 3/4 years and the cycle of inspections to be fixed in advance. Encourage FDI & exports
- XI. Maximum Facilitation would encompass an effective system beyond the conventional single window as the anchor. Self-certification will be encouraged and automatic renewals will be implemented.
- XII. There will be web based E-helpline facilities as well as physicalhelp-desks at Hyderabad and Districts. Information availability and industry department transactions will be transparent and web enabled.

## BEST PRACTICES FOLLOWED BY STATE FOR MSMEs

### EASE OF DOING BUSINESS

#### *Single Window Facility*

- VIII. Telangana State Government is aware that offering a hassle-free system is considered to be of the highest priority by the industrialists, and accordingly the government will implement a very effective industrial clearance system that will go beyond the traditional single window system.

- IX. This system, called the Telangana State Industrial Project Approval and Self-certification System (TS-iPASS), will be strengthened by way of legislation.
- X. A Right to Single Window Clearance, on the lines of the Right to Information, will be bestowed for all applicants.
- XI. Penal action will be imposed on the concerned officers who delay the applications.
- XII. This will be at three levels— one for SMEs one for Mega Projects and one for other Large industries
- XIII. The state government will bring out a comprehensive legislation enshrining the above principles for according permissions and clearances for both Mega Projects as well as industrial applications in other categories

#### WOMEN ENTREPRENEURS INITIATIVES

- I. Like SC/ST entrepreneurs, the number of existing women-owned industrial enterprises is very meagre.
- II. The Telangana State Government will encourage women entrepreneurs in a big way. Each of the 9 districts of the state (excluding Hyderabad) will have one or more industrial parks exclusively for women. Organizations working for women entrepreneurs like COWE, ALEAP and FICCIFLO will be invited to partner with the government to identify and train women entrepreneurs, get their project proposals developed, link them to financial institutions and handhold and monitor the progress of their projects
- III. Among women, the government would facilitate more number of entrepreneurs to emerge from socially deprived categories like SCs, STs, BCs and Minorities.

#### SPECIAL FOCUS ON SMEs/MICRO INDUSTRIES

The SMEs and Micro-industries are expected to play a significant role in the new state of Telangana, both in terms of value addition and also in creating employment opportunities. The new Telangana State Industrial Policy will make special provisions for the SME and Micro sectors, as follows:

- I. Adequate number of smaller plots in Industrial parks for SMEs; developed sheds for Micro units
- II. Special fund for addressing Incipient Sickness
- III. Special fund for IP registrations assistance
- IV. Special fund for anti-pirating assistance
- V. Special fund for technology transfer and modernization to MSME sector
- VI. Reimbursement of land conversion charges for units in own land, subject to an upper limit
- VII. Marketing assistance to participate in national and international trade shows and buyer-seller meets
- VIII. Consultant panel to respond to MSME entrepreneur needs
- IX. Separate State Level Bankers Committee (SLBC) for industries, particularly SMEs

#### ANCILLARY/VENDOR DEVELOPMENT

- I. An important component of the value chain is the primary suppliers who provide the raw material or the component parts to the anchor manufacturing industry, or provide basic inputs to a service industry.
- II. The Telangana State Government will plan each Industrial park in such a way that along with anchor units, enough plots are available for setting up Suppliers/Vendors Park. Since the ancillary units are usually in the SME category, these plots will be smaller in size.



- III. Mega projects will have to compulsorily set up a Suppliers/Vendors park to encourage growth of local ancillaries.

#### *PREVENTING INCIPIENT SICKNESS AMONG SMEs*

- I. The Telangana State Government intends to create a corpus fund jointly with the industries and their associations which will act as a safety net for SMEs that face any crisis and run the risk of imminent sickness.
- II. Telangana State Government will also work closely with the RBI constituted State Level Inter-Institutional Committee (SLIIC) to coordinate revival plans of sick and incipient SMEs.

#### *SPECIAL SUPPORT FOR SC/ST ENTREPRENEURS*

It is an unfortunate reality that a very miniscule proportion of existing industrial units are owned by SC/ST entrepreneurs. There are a number of structural barriers which the SC/ST entrepreneurs find extremely difficult to overcome. Since the foundation of the new state of Telangana is based on the premise of social justice, the new Telangana State Industrial Policy will take up a number of additional support measures meant to increase entrepreneurship among the SCs/STs.

This program will be implemented under the banner of TS-PRIDE—Telangana State Program for Rapid Incubation of Dalit Entrepreneurs and some of these initiatives under T-PRIDE are as follows:

- I. A special direct funding program for financing SC/ST entrepreneurs will be worked out to utilize the money available under the respective Sub-Plans.
- II. Payment of Margin Money on behalf of the SC/ST entrepreneurs by the government
- III. Preferential allotment of plots in Industrial Parks
- IV. Supplier diversity opportunities in large industries
- V. State departmental procurement policy in tune with GOI SME procurement policy (20%)
- VI. Intensive Entrepreneur and Skill Development programmes
- VII. Subsidy eligibility if funded by CRISIL Rated NBFCs
- VIII. No negative list
- IX. Interest subsidy for service sector units (except transport sector)
- X. State supported CGTMSE-type scheme for SC/ST entrepreneurs
- XI. Organizations like the Dalit India Chamber of Commerce and Industry (DICCI) will be involved in planning, implementing and monitoring special programmes for the SCs/STs
- XII. Representation in all district and state level committees

#### *TRADITIONAL ARTS AND HANDICRAFTS*

The State of Telangana has a number of internationally recognized forms of traditional arts and handicrafts. These are handicrafts like Nirmal Paintings, Dokra metal work, Bidri ware, Pembarthi Brass ware as well as textiles like Pochampally Ikat, Gadwal saris and Warangal carpets. A number of artisans and craft-persons continue to live on the production of these arts and handicrafts, but their income levels are declining. To improve the productivity and incomes in this sector, the Government of Telangana intends to take a number of actions, including:

- I. Identification and documentation of arts and crafts
- II. Cluster approach for specific arts and crafts
- III. Technology upgrading and design support centers
- IV. Skill upgradation and quality improvement

- V. Common facility centers
- VI. IP and GI registration support
- VII. Niche product development
- VIII. Marketing assistance and Marketing events participation
- IX. This program will be implemented under the T-HART—Telangana State Handicrafts and Artisans Revival with Technology program

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## BEST PRACTICES FOLLOWED BY TRIPURA FOR MSMEs

### Introduction

**Vision :** We aspire to convert Tripura into the preferred destination for industrial and trade activities, thereby affording to State and its people –

Economic development and improved living standards  
Better employment & self-employment opportunities  
Optimal utilization of natural and physical resources

**Mission :** We act as the integrator and catalyst for opportunities in the industries and trade sector ; across micro, small-scale, medium and large scale units ; and for internal and international trade and commerce.

**Values :** As an organization that has the livelihood interests of people as the focus for each one of our activities, PRIDE is the enduring value-set guiding the way in which we interact with our co-stakeholders and link our collective efforts.

### Industrial Policy of Government of Tripura

#### Strategic Approach:

- Synergic Partnership – Public-private partnerships in consultancy, planning, implementation, marketing promotion, infrastructure projects etc.
- Time Sensitivity- Long time perspectives over and above any short time gain.
- Economic Soundness.
- Policy Analysis- to play a facilitatory role that can be both pro-active and responsive.

#### Policy Objectives:

- To improve Basic as well Industrial Infrastructure.
- Industrial Growth by attracting Private Investment.
- To improve investment climate towards better regulation by removing barriers to competition.
- Creation of hassle-free and congenial investment climate.
- To bring significant increase in the State Domestic Product.
- Widening of the resources base of the state.
- Development of connectivity (Internal road, railways and air & telecom).
- Increasing linkages & Trade & Commerce with Bangladesh.
- Industries & trade development through policies and incentives for overriding locational disadvantages.
- Better social infrastructure.
- Enabling Entrepreneurship – building capacities through entrepreneurial and technical skills, training and promotion of self-employment.

The State Govt. has also announced a new incentive package called “Tripura Industrial Investment Promotion Incentives Scheme, 2017”, effective from 01.04.2017. Under this Policy, the following incentives are provided for setting up industries in Tripura:

## BEST PRACTICES IN THE STATE

### ACCESS TO CAPITAL AND FINANCIAL INCENTIVES

#### *State Capital Investment Subsidy:*

**@30%** on Fixed Capital Investment (with additional subsidy @2.5% to ST, SC and Women Enterprises), subject to a ceiling of Rs.60 Lakhs per unit. For thrust sector unit capital investment subsidy **@40%** on Fixed Capital Investment within the overall ceiling of Rs.70 lakhs.

1. Industrial Promotion Subsidy (reimbursement of GST) subject to an overall ceiling of Rs.60 Lakhs per annum per enterprise. The aggregating limit of entitlement of an enterprise for 5 years shall not be exceed to 100% value of investment made in plant and machinery.
2. 25% Reimbursement of Power Charges, maximum of Rs. 12.00 Lakhs per annum per enterprise.
3. 4% Reimbursement of Interest on Working Capital loans maximum of Rs.3.00 Lakhs per annum.
4. Reimbursement of Standard Certification Charges/ fees/ expenses to eligible enterprises in 10 selected areas issued by National and International Bodies.
5. 15% Procurement Preference to Local industrial enterprises subject to 20% value addition.
6. 100% Exemption from the payment of Earnest Money and Security Deposits on tenders floated by the State Govt./Departments/Agencies.
7. Employment Cost subsidy under Thrust Sector towards EPF and ESI contribution on employment of 20 or more persons skilled and semi-skilled workers who are domiciled of the State.
8. 100% reimbursement on fees paid for CGTMSE coverage on loans granted by Banks/ NBFCs.
9. Export Promotion Subsidy @10% on value of export of goods with ceiling of Rs.20.00 Lakhs per annum.
10. Subsidy for participation in fairs and exhibition (Thrust sector only) @50% of actual expenditure for one person and transportation cost of goods for display/sale with maximum ceiling of Rs.50000/- per annum (max.of 2 fares).

*Special Incentives to industrial Enterprises continue to operate for 5 years are provided for a further period of 5 years which are as follows:*

1. Capital Investment Subsidy on substantial expansion @40% or 30%, maximum Rs.30.00 Lakhs and Rs.25.00 Lakhs for Thrust Sector and other than thrust sector respectively subject to increase in the value of fixed capital investment by not less than 25% for the purpose of expansion of capacity/ modernization/ diversification.
2. Industrial Promotion Subsidy @ 25% of GST actually paid(net of input tax) subject to the condition that the aggregate payment of subsidy from the date of commencement of production shall not exceed 100% of investment in plant and machinery.
3. Partial Reimbursement of Power charges @ 15% of actual power charges paid after 5 years of operation, maximum Rs.6.00 Lakhs for enterprises with employment of 20 to 50 persons, Rs.9.00 Lakhs with employment of 51 to 100 persons and Rs.12.00 Lakhs with employment of more than 100 persons.
4. Employment Cost Subsidy with employment of 20 or more persons @50% of employer contribution paid towards EPF and ESI after 5 years of operation.

5. Wages Subsidy on employment of 20 or more persons @ 20% of actual wages paid, maximum Rs.2.50 Lakhs per annum after 5 years of operation.

#### *State Capital Investment Subsidy for Thrust Sector industrial units*

**@35%** on Fixed Capital Investment on Land, Civil works & Plant & Machineries / Equipments, subject to a ceiling of Rs.60 Lakhs per unit.

#### *Employment Cost Subsidy for Thrust Sector industrial units :*

1. 100% reimbursement of expenditure for Micro & Small Enterprise on account of contribution towards ESI and EPF Schemes subject to employment of 20 and more skilled and semi-skilled workers who are domiciles of the State.
2. 50% reimbursement for large enterprises on account of contribution towards ESI and EPF Schemes for a period of 5(five) years subject to employment of more than 50 skilled and semi-skilled workers who are domiciles of the State.

#### *Industrial Promotion Subsidy*

equal to the net amount (net of input taxes) of the Tripura Value Added Tax (VAT), Central Sales Tax (CST) and any other commodity tax actually paid by an enterprise to the State Government on sale of finished goods, subject to overall ceiling of Rs.50 lakhs per enterprise per annum. The subsidy shall be given to an eligible enterprise for 5 years from the date of commercial production.

#### *15% Procurement Preference*

to local Industrial enterprises after comparison on landed price of all bidders. This benefit is available only to enterprises achieving minimum 20% value addition within the state.

#### *Reimbursement of Interest on term loans*

actually paid to banks/ financial institutions to the extent of @3% subject to a ceiling of Rs.1.50 lakhs per annum for 5 years.

#### *Reimbursement of Power Charges*

for 5 years @15% of the power charges actually paid by the enterprise, subject to a ceiling of Rs.12 lakhs per year.

#### *State Transport Subsidy*

for transportation of raw materials and finished products on the pattern of Central Transport Subsidy for 5 years. The State Subsidy shall cover the portion for which Central Subsidy is not available. For instance, if Central Subsidy is 90%, State Subsidy shall be 10%.

#### *85% Exemption from the payment of Earnest Money and Security Deposits*

to local enterprises on tenders floated by State Govt. Agencies.

#### *Partial Reimbursement of floor space rentals for IT Industries*

(Employing a minimum of 15 persons) for 5 years @20% to the rentals actually paid by the enterprise, subject to a ceiling of Rs. 12 lakhs per unit.

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## BEST PRACTICES FOLLOWED BY UTTAR PRADESH FOR MSMEs

### Introduction

MSME sector in U.P has played an important role in providing large-scale employment opportunities at lower capital costs and helped in the industrialization of rural and backward areas, thereby reducing regional imbalance. 52,231 MSME units were set up in U.P during 2014- 2015 with a total capital investment of Rs. 4512.51 Crores which provided employment to 4.17 lakh persons. As per the reports of RBI, there are 1076243 MSME units in the U.P as of 31.12.2015. It is having 5,238,568 MSME establishments with a total % share of 11.55 which is the second state after West Bengal which is having a % share of 11.62 in terms of the number of MSMEs established as per the Annual Report of MSME by the Government of India.

### Best Practices for MSMEs

#### INFRASTRUCTURE

##### *Scheme for Promoting Establishment of Private Industrial Parks*

This scheme provides interest subsidy reimbursement for industrial parks/estates and Agro Parks developed by the private sector and a 100% exemption/reimbursement to developers and 50% exemption to the individual buyers (first) on stamp duty.

##### *Single-Window Platform*

An absence of a comprehensive single window platform is one of the key missing enablers of the U.P. entrepreneurial ecosystem. While the launch of the champions portal by Nivesh Mitra is an attempt in the right direction, the effective usage of the portal and providing professionally managed services for MSMEs at the state level is the true target. The impact of the portal can be enhanced by providing access to e-learning, guides to set-up businesses in similar sectors, online applications and follow-up for scheme applications, success stories, access to finance, market & technology, etc

##### *Land Incentives*

- In rural areas, gram sabha land measuring more than 10 acres shall be identified and passed on in favour of industries department free of cost.
- Land parcels measuring 5 acres or more and belonging to a gram sabha situated within a radius of 5 kilometre of Agra-Lucknow expressway, Poorvanchal
- Expressway and other such corridors being developed and 50% of plots shall be reserved for micro and small sector.
- Minimum of 30% area would be reserved for micro and small sector in the industrial areas developed by UPSIDC and other organizations.

##### *Land Use Conversion*

100% exemption from conversion charges for converting agricultural land to industrial land of agriculture land development authorities.

In Bundelkhand, Poorvanchal, Madhyanchal and Pashimanchal (except Gautam Buddha Nagar and Ghaziabad district), private parties setting up industrial estates of area of more than 20 acres shall be provided following incentives as applicable under the Uttar Pradesh Industrial

## ACCESS TO CAPITAL AND FINANCIAL INCENTIVES

### Investment and Employment Promotion

- 50% annual interest subsidy for loan taken to buy land, for 7 years, subject to maximum limit of INR 5 lakh per annum
- 60% annual interest subsidy for loan taken to build infrastructure, for 7 years, subject to maximum limit of INR10 crore per annum
- 60% annual interest subsidy for loan taken to build common facility for workers, for 7 years, subject to maximum limit of INR 5 crore per annum
- 100% stamp duty exemption

### *ODOP:*

Margin Money Scheme: This scheme benefits with not whole but a margin of the project cost. The applicants receive it in the form of subsidy to set up the project

### *Networking of Entrepreneurs*

There are currently limited and individual-driven networking channels functional for entrepreneurs. Only a few efforts have been observed towards the development of a formal set-up for promoting inter-sector interactions, a lack of which limits the learning opportunities and fast adoption of best working practices. The integrated business development approach should focus on technology-driven platforms for promoting inter-sector communications and transactions.

## TAXATION

Other incentives under UPIIEPP 2017, applicable to MSMEs include:

Net State Gross Service Tax reimbursements as mentioned under UPIIEPP will also be applicable to MSMEs.

- 90% for small industries for 5 years
- 60% for medium industries for 5 years

## LABOUR AND FINANCIAL INCENTIVES

### *Employee Provident Fund (EPF) Reimbursement*

100% reimbursement for 5 years from the date of commencement of the unit for MSMEs

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## BEST PRACTICES FOLLOWED BY UTTARAKHAND FOR MSMEs

### INTRODUCTION:

MSME Department (Directorate of industries) is the State level office responsible for implementing the policies and programmes for Industrial Development in the State. The main aim of Directorate of Industries is to provide a comprehensive framework to enable a facilitating, investor friendly environment for ensuring rapid and sustainable industrial development in Uttarakhand and through this to generate additional employment opportunities and to bring about a significant increase in the State Domestic Product, eventually widening the resource base of the State.

### BEST PRACTICES IN THE STATE

#### MSME Policy 2015 (As Amended in 2019)

##### Categorization of industries for the purpose of quantifying incentives

Category	Included Region
Category A	Whole Districts of Pithoragrah, Uttarkashi, Chamoli, Champawat, Rudraprayag and Bageshwar
Category B	<ul style="list-style-type: none"><li>• Whole District of Almora</li><li>• All hilly development blocks of District Pauri Garhwal, Tehri Garhwal (Excluding regions under category B+)</li><li>• All hilly development blocks of District Nainital and Dehradun (Excluding regions under category B+)</li></ul>
Category B+	<ul style="list-style-type: none"><li>• Kotdwar, Sigaddi and adjoining plain regions of Dugadda development block of district Pauri Garhwal</li><li>• Dhalwala, Muni Ki Reti, Tapovan and adjoining plain regions of Fakot development block of District Tehri Garhwal</li><li>• Kotabagh development block of District Nainital</li><li>• Plain regions of Kalsi development block of District Dehradun</li></ul>
Category C	<ul style="list-style-type: none"><li>• Regions located above 650 mtrs from sea level in Raipur, Sahaspur, Vikasnagar and Doiwala development blocks of District Dehradun</li><li>• Ramnagar and Haldwani development blocks of District Nainital</li></ul>
Category D	<ul style="list-style-type: none"><li>• Whole Districts of Haridwar and Udham Singh Nagar</li><li>• Remaining area of District Dehradun and Nainital (which are not included in category 'B', 'B+' and 'C')</li></ul>



## ACCESS TO CAPITAL AND FINANCIAL INCENTIVE

### *Interest Subsidy*

Category A: 10%(Max 8 lacs)  
Category B, B+: 8% (Max 6 lacs)  
Category C: 6% (Max 4 lacs)  
Category D:5% (Max 3 lacs)

### *Capital Subsidy*

Category A: 40%(Max 40 lacs)  
Category B, B+: 35% (Max 35 lacs)  
Category C: 30% (Max 30 lacs)  
Category D: 15% (Max 15 lacs)

### *Transport Subsidy*

% of Annual Turnover (Per year/ unit) or Inbound/ Outbound Logistics Cost whichever is less  
Category A: 7%  
Category B: 5%  
Category B+: 5% (Max 5 lacs)

### *Stamp Duty*

Category A, B, B+, C: 100%  
Category D: 50%

### *Power Bill Rebate*

Category A:  
Sanctioned Load upto 100 KVA: 100% for 5 yrs and 75% thereafter;  
If Load>100 KVA: 60%  
Category B, B+:  
Sanctioned Load upto 100 KVA: 100% for 5 yrs and 60% thereafter;  
If Load>100 KVA: 50%

### *Internet Charges*

50% Reimbursement on internet usage charges for all categories

### *Mandi Charges*

Category A, B: 100% exemption on Mandi charges

### *Excise Duty*

Category A, B: 75% reimbursement on State Excise Duty, Additional Excise Duty, Bottling fees and other charges as under State Excise Policy

### *Central Capital Investment Subsidy*

Central Capital Investment Incentive for access to credit (CCIIAC) @ 30% of the investment in plant and machinery with an upper limit of INR 5.00 crore

#### *Central Comprehensive Insurance Incentive*

Reimbursement of 100% insurance premium on insurance of building and Plant & Machinery for a maximum period of 5 years from the date of commencement of commercial production/operation.

### TAXATION

#### *SGST Concession\**

Category A: 100% for the first 5 yrs and 90% thereafter

Category B, B+: 100% for the first 5 yrs and 75% thereafter

\*The SGST after adjustment of ITC on sale of finished product (B2C) will be reimbursed from the date of commencement of production of the unit

### WOMEN ENTREPRENEUR AND INITIATIVES

#### *Special Incentive Scheme for Women Entrepreneurs*

Capital Subsidy: Capital investment subsidy of 25% up to a maximum of INR 25 lakhs

Interest Subsidy: Interest subsidy of 6% on bank loan taken by the entrepreneurs up to a maximum of INR 5 lakhs per year per unit.

### OTHER

#### *Subsidy for Rural BPO's*

Cat A, B:

BPOs that receive incentives under IBPS (India BPO Promotion scheme MietY) would be eligible to receive an additional one time incentive of up to INR 10 lac per BPO per seat

Cat C, D:

BPOs that receive incentives under IBPS (India BPO Promotion scheme MietY) scheme would be eligible to receive an additional one time incentive of up to INR 25 000 per BPO per seat

#### *Investment Subsidy*

15% to 40% (Max up to INR 40 lakhs) as per the MSME Policy

#### *Patent Filing Cost*

100% of actual filing costs on awarded patents, subject to a maximum of INR 2 lac for domestic patents and INR 5 lac for international patents as one time Incentive. (Only for Companies having their HQs in Uttarakhand)

#### *Rebate on Lease/ Rental Space*

Reimbursement up to 25 of lease /rental charges for the space for MSME IT/ITeS units and Incubators established in the state operating from leased rented space in IT cities/IT Parks or any notified location, will be eligible with maximum limit of INR 10 lakhs per year for Cat A&B and INR 5 lakhs for Cat C&D for a period of 3 years for MSME IT/ITeS units and for a period of 5 years for incubators from the date of commencement of commercial operations.

#### *Subsidy for BPO with Women Employees*

BPOs that receive incentives under IBPS (India BPO Promotion scheme MietY in addition to above incentive the BPO is eligible to get an incentive as reimbursement on lease rentals up to Rs 50 of the total seat employed by women for the given year with maximum limit of INR 50 000 for Category A&B and INR 30 000 for Category C&D on continuous basis for first 3 years only.

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## BEST PRACTICES FOLLOWED BY WEST BENGAL FOR MSMEs

### OBJECTIVE

- To make focused effort on sustainable development of Micro, Small and Medium Enterprises (MSMEs) with special emphasis in Food Processing and Agro, Textiles & Apparel, Leather and Handicrafts and Tourism sectors which offer maximum linkage for Employment generation
- To create rapid growth in Entertainment, ICT including KPO, BPO, high end IT, software and hardware development, gaming, animation and special effects industry, Back office support and Banking and Financial
- To facilitate geographic dispersal of investment activities across the State, particularly in lesser industrially developed regions of the state
- To promote private sector investment in Green Field Projects, Brown field projects and through Public Private Partnership (PPP) projects
- To promote inclusive development by encouraging local entrepreneurship, especially among socially and economically disadvantaged groups including women, Scheduled Castes and Scheduled Tribes and minorities

### STRATEGIES ADOPTED

- XIII. Creation of quality infrastructure in the Industrial Clusters in the State including Power, Communication, Rail and Road Connectivity. Creation of 'State Manufacturing Zones' in line with National Industrial Manufacturing Zones (NIMZ) and promotion of Industrial Corridors to capitalize the locally available resources and strengths like availability of Natural resources, Ports, Road network and Rail linkages for accelerating growth of manufacturing sector
- XIV. Facilitation of directed mega investments into the sectors offering huge employment opportunities and having multiplier effect on the development of Micro, Small and Medium enterprises in the form of forward and backward linkages
- XV. Adoption of coordinated approach to the development of all sectors of economy through creation and consolidation of sufficient land bank by the developing agencies, including the Development Authorities, Corporations and IDCs to meet current and future requirements of the entrepreneurs
- XVI. Single- Window Clearance for the Industrial Proposals
- XVII. Create convergence of schemes for the growth of MSMEs and provide financial, technological and other supports to smaller enterprises of women, youth, minorities and first generation entrepreneurs
- XVIII. Leverage the existing strengths of potential sectors in the state such as Food Processing and Agro, Textiles, Gems and Jewellery, Cement, Paper, Steel, Petrochemicals and downstream, leather, tourism, Gems and Jewellery, Energy and ICT etc. with linkages to the available resources such as Manpower, Agricultural and Horticultural output, Mineral deposits, Marine, Natural Gas and Coal etc.
- XIX. Encouraging private sector participation in infrastructure projects under Public Private Partnership (PPP) especially in industrial infrastructure, power, communication, roads and bridges, ports, airports, tourism and hospitality, health and education sectors
- XX. Urban Haats and Rural Haats are being set-up to give marketing support to the MSMEs
- XXI. To create Competitiveness and innovation to boost the manufacturing sector, the government will develop a 'State Manufacturing Competitiveness Programme' in line with the National

programme. Sector focussed approach would be taken to access the East Asian and ASEAN markets and strengthen infrastructure of roads and ports to promote business.

## BEST PRACTICES FOLLOWED BY STATE FOR MSMEs

### INFRASTRUCTURE

A new Land Allotment Policy has been passed by the state cabinet in December 2012.

- I. The policy aims at introducing uniformity, reducing discretion and case by case decision making and to ensure transparency in dealing with the public assets. Long term lease would be given for period not exceeding 99 years, with option of renewal
- II. Land for commercial use shall be auctioned to the highest bidder, after adequate publicity.
- III. For industrial development projects, highest price/ auction will not be the only mode of allotment. Departments will prepare lists of land assets and may indicate tentative prices of the assets based on acquisitions cost, development charges and premium etc. atleast a month before the offers are received/ invited. Evaluation of offers will be on pre-specified criteria
- IV. Auction will not be required for construction of housing for poor, EWS and LIG through developers. Policy also states process for land allocation for educational and medical facilities, and power sector - besides the other sectors and purpose

### EASE OF DOING BUSINESS

- I. The state has undertaken Phase-I initiatives based on the Simplified Tax Regime and eGovernance in financial matters.
- II. In the Phase-II, the Government will be extending the Ease of Doing Business to other aspects of Business cycle, beginning from Setting a Business, to a Single Window Service Delivery System and covering the incentive tracking and delivery.
- III. The first attempt in this direction has been to reduce the 99 pages of documentation to start a business to a 7 page document.
- IV. This will be further simplified by bringing the various departments and their services, related to setting a business, into a single electronic window. Some of its components will include:
  - Shilpa Sathi (e-enabled business portal),
  - Time Bound, process driven and ICT enabled systems- All the applications received for industrial projects would be sent to the line departments for their clearances.
  - All enquiries and the necessary approvals or rejections, stating grounds for such rejection, shall be completed within 30 days by the various departments.
  - The Nodal Department i.e. the C& I Department will solicit the missing documents, clearances etc. in another 15 days, from various departments and declare the outcome of the application
  - E-Tendering and e-Procurement
  - Optimum Incentives to the Investors
  - Minimizing the time and space of file movement- Reducing the red tape o Ready Land Bank information in public domain

- Bringing the best talent and knowledge in the private sector in planning and implementation through Transaction Advisory services from empanelled firms
- Transparency in the allotment and sharing of public resource

## ACCESS TO CAPITAL FINANCIAL INCENTIVE

### State Capital Investment Subsidy

- An eligible micro or small enterprise located in Zone C & D area will be entitled to State Capital Investment Subsidy for its approved project as follows :- Micro Enterprise Zone C – 25% of the Fixed Capital Investment Zone D – 40% of the Fixed Capital Investment Small Enterprise Zone C- 15% of the Fixed Capital Investment Zone D -30% of the Fixed Capital Investment
- An additional subsidy of 20% on State Capital Investment Subsidy normally admissible will be provided to all eligible micro and small enterprises wholly owned by women, SC/ST, and minority community entrepreneurs.
- An eligible micro or small enterprise wholly owned by women, SC/ST, and minority community entrepreneurs and set up in Zone – A and B area will be entitled to State Capital Investment Subsidy as follows : Micro Enterprise :- 15% of the Fixed Capital Investment Small Enterprise :- 10% of the Fixed Capital Investment
- The subsidy normally admissible and additional subsidy taken together will not exceed Rs. 50 Lakh for a Small Enterprise.

### Interest Subsidy on Term Loan

- An eligible micro, small or medium enterprise will be entitled to Interest Subsidy on annual interest liability on the Term Loan borrowed from a Commercial Bank / Cooperative Bank / Scheduled Banks approved by RBI / RRBs / Financial Institution (Central and State) for implementation of the approved project as follows.
- Micro & Small Enterprise –  
Zone A& B – Subvention of 6% for 5 years.  
Zone C & D– Subvention of 7.5% for 5 years

Waiver of Electricity Duty - An eligible micro, small or medium enterprise for its approved project will be entitled to waiver of electricity duty on the electricity consumed

### Power Subsidy

An eligible micro, small or medium enterprise for its approved project will be entitled to power subsidy on the electricity consumed for the manufacturing activity as follows :

- Micro, Small and Medium Enterprise Subsidy of Re.1.00 / Kwh for enterprises located in Zone – A & B area and Rs.1.50/ Kwh. for enterprises located in Zone – C & D area for five years from the date of commencement of production.
- The power subsidy will not exceed Rs.20 Lakh per year for a small enterprise

### Subsidy on Stamp Duty and Registration Fee

- An eligible micro or small enterprise will be entitled to a reimbursement of stamp duty and registration fee paid by it for the purpose of registration of documents within the State relating to purchase of land and/ or buildings for setting up of the approved project at the following rates :- Micro & Small Enterprise : Zone – A - 25% Zone – B - 50% Zone – C - 75% Zone – D - 100%

Refund of Entry Tax : An eligible micro , small or medium enterprise will be entitled to refund of entry tax paid by it to the Govt. of West Bengal for procurement of plant and machinery for the approved project. The refund will be made available after commencement of production by the enterprise.

.Subsidy for Standard Quality Compliance :

- I. An eligible micro or small enterprise shall be reimbursed 50% of the expenditure incurred subject to a maximum of Rs.5 Lakh for obtaining ISI / BIS certification / ISO 9000/ ISO 14000 / ISO 14001/ ISO 18000 certification from approved Institutions / Research Laboratories.

Subsidy for Patent Registration :

- II. An eligible micro, small or medium enterprise for its approved project will be entitled to a reimbursement of 50% of expenditure incurred by it for obtaining Patent Registration for its products subject to a maximum of Rs.5 Lakh.

### SPECIAL FOCUS ON MSMEs

The Government of West Bengal has launched Micro & Small Enterprise Cluster Development Programme (MSECDP) for intensive development of the M&SSE sector through a holistic approach. Interventions are formulated with the objective of strengthening the institutional framework, creating stronger backward and forward linkages and introduction of modern technology in order to enhance the productivity and competitiveness of the enterprises in the cluster

#### CLUSTER DEVELOPMENT

- I. The approved 20 clusters for implementing soft interventions & 20 clusters for hard intervention for Common Facility Centre setup for hard interventions including 7 in Metal works, 12 in Handicrafts, 4 in Food Processing, 1 in Petrochemical & downstream industries, 3 in leather, 3 in Textile and 10 in other Manufacturing Sectors. 4 cluster proposals are approved for Diagnostic Study Report (DSR) preparation and 4 are under DPR stage for CFC
- II. These 48 clusters are expected to cover 47,841 manufacturing units of various products and generate employment of 334,690 persons.
- III. At present 39 Handloom Clusters (with 300-500 workers in each cluster) are operational in the State with about 16,000 employment. Group Approach is being taken up in 91 proposed Handloom Groups (with 70-100 workers) with about 6500 beneficiaries
- IV. The state has 31 functional MSME Industrial Estates and 10 Commercial Estates. Seven more Industrial estates are coming up in the State
- V. So far 105 nos. of clusters have been identified in West Bengal, out of which 48 clusters have already been selected for implementation. Out of these, 20 clusters are in the Soft Intervention
- VI. 20 clusters are in Hard Intervention stages; 4 MSME clusters have been taken up for diagnostic study and 4 are in Detailed Project Report (DPR) stage.
- VII. Under MSE-CDP the Government is planning to set up more clusters under the joint initiatives of the Government of West Bengal and Government of India for implementation of Soft Interventions like Trust Building, Market Development, Technology Upgradation, Capacity Building and Training and Exploring the need for CFCs.
- VIII. Hard Interventions are being implemented in Testing Facility, Design Centre, Research & Development Centre, Common Production / Processing Centre, Training Centre, Raw Material bank and Marketing Display / Sales & Information Centre as per need.
- IX. 'Urban Haat' provides direct marketing facilities to artisans and weavers. It has been decided to set up Urban Haat at Durgapur, Santiniketan, Kolkata and in Siliguri for marketing of handicrafts manufactured by the Handicraft artisans of the State.

- X. 'Rural Haat' are being set up under Backward Region Grant Fund to provide marketing assistance to the handicrafts and village industries artisans.
- XI. For implementation of the aforesaid Rural Haats Rs.3.00 crore for each project has been approved under Backward Region Grant Fund.
- XII. The number of beneficiaries of each Haat is nearly 2400 nos.
- XIII. The project is scheduled to be completed in 9 months from the date of starting of construction work

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