



Madhya Pradesh MSME Development Policy 2021

(Amended as of May 2022)



Government of Madhya Pradesh
Department of Micro, Small & Medium Enterprises



Government of Madhya Pradesh

**M.P. MSME
Development Policy, 2021
(Amended as of May 2022)**

Department of Micro, Small and Medium Enterprises

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1. Introduction

Micro, Small and Medium Enterprises (MSME) sector is considered engine for socio economic growth in the country and is fast emerging as the most vibrant and dynamic sector of the Indian economy. MSMEs provide the largest share of employment after primary sector. We are aware that, employment generation is one of the main challenges faced in the country today. This makes development of MSME sector most crucial. The Government of Madhya Pradesh (GoMP) recognizes this aspect and accordingly, is giving priority to the development of the MSME sector in the state.

Considering the significant role of MSME in employment generation and economic and social development, and knowing the fact that MSME sector is one of the key drivers for transition from an agrarian economy to an industrialized economy, the state has decided to give special attention to this sector. To fulfil this objective, a dedicated department has already been created for MSMEs.

Department of MSME, GoMP is playing a pivotal role in enhancing the state's MSMEs competitiveness. MSME Department is proactive in providing conducive ecosystem for MSME development through various schemes and initiatives. MSME Department intends to take multi-pronged initiative to create a supportive and enabling ecosystem for establishment and growth of MSMEs in state.

Department of MSME, GoMP has taken several steps to derive maximum benefits for MSME sector out of the policy initiatives at the central and state level. The state government has also taken progressive steps towards improving Ease of Doing Business. The state also has its own Start Up policy for promotion of startups and incubators.

Madhya Pradesh Government has been supporting entrepreneurs/ Self-Employment beneficiaries by providing an enabling environment for job creation and

entrepreneurship. Department of MSME, Government of Madhya Pradesh run various flagship scheme for employment generation and promotion under which there is provision of interest subsidy and margin money support on capital investment.

The department stands committed to the Initiatives of Government of India (GoI) and assure that it is in the process of developing a vibrant MSME in the state. With this commitment, Department has decided to evolve a dedicated "M.P. MSME Development Policy 2021". It touches upon all those aspects which leads to the focused growth of the MSME sector in the state. The policy has been drafted through a consultative process after taking opinions and suggestions of all stakeholders including Industry Associations, Financial Institutions, Experts and related Government Departments.

2. Objectives of MSME Development Policy

The key objectives of the MSME Development Policy 2021 are :-

- (i) Achieving the state's goal of overall industrial development and MSME competitiveness
- (ii) Creating enabling infrastructure
- (iii) Providing a conducive ecosystem and promoting inclusive growth for MSMEs.
- (iv) Providing an opportunity to young entrepreneurs through instilling employment generation

3. Policy Focus Area

To achieve the objectives, this Policy is focused on following six pillars :-

- (i) Enabling framework: Ease of doing business
- (ii) Procedural reforms for release of concessions to eligible MSME units
- (iii) Creation and maintenance of improved infrastructure facilities through private developers
- (iv) Infrastructure development on PPP Model
- (v) Procedural assistance through online services
- (vi) Time bound delivery of services & assistance.

4. Operative period of the Policy and work areas

- 4.1 *This Policy shall come into effect from the date of notification.
- 4.2 This Policy will remain effective till the time it is replaced by the new policy.
- 4.3 MSMEs in the manufacturing sector which start commercial production on or after the date of notification of the policy will be eligible to get assistance under this Policy. Such manufacturing MSMEs which have started commercial production on or after 01.07.2020 but before the date of notification of this Policy and invested more than Rs. 10 crores & up to Rs. 50 crores in the plant & machinery, will be eligible to receive assistance under the earlier relevant policies. It is clarified that such units will not be eligible for assistance/facilitation under this Policy.

For new manufacturing units, which will start production on or after the date of notification of this Policy, the option of availing facilities/assistances under the earlier incentive schemes will not be available. However, the existing MSMEs in the manufacturing sector undertaking expansion/diversification/technological upgradation during the effective period of this Policy will be eligible for assistance/facilities equivalent to a new industrial unit on the additional eligible investment made by them, if the unit remains in the eligible MSME category after such investment.

5. Enabling framework : Ease of doing business

5.1 Improving business climate by enhancing ease of doing business

The Government of MP has taken various initiatives to improve the business environment in state by continuing to bring in regulatory reforms and simplify procedures for the promotion and development of MSME in the State. GoMP shall continue to take new initiatives to improve the services provided by the government to MSMEs for doing

* Notified by Government of Madhya Pradesh Gazette dated 13 August, 2021.

business in the State. The DoMSME has taken up following steps to improve the business climate for MSMEs in the State :-

- (i) Departmental concessions are now being extended through online process. Procedure has been simplified.
- (ii) The land allotment process for MSMEs has been made online.
- (iii) New Store Purchase Rules are being formed to increase the MSME supplier base of the government departments and expedite the procurement process from the MSME suppliers.
- (iv) The renewal process of various licenses of different departments shall be simplified for MSMEs.

5.2 MSME Business Facilitation Cell

In order to facilitate /support MSMEs, office of Industries Commissioner has constituted a cell. Through this cell support consultants have been deputed across the state at DTIC offices to extend handholding support to the MSMEs.

5.3 Institutional Measures for Grievance Resolution

In order to address the grievances of state's MSMEs regarding their payment issues, GoMP has constituted a Madhya Pradesh MSE Facilitation Council (MSEFC) as per the MSMED Act 2006, which is functional in its full spirit.

5.4 District Level Assistance Committee

Under the provisions of this Policy following committee at District level under the chairmanship of District Collector will be responsible to extend the concessions to the eligible MSMEs investing upto Rs. 10 Crores in plant & machinery :-

1. District Collector - Chairman
2. Lead District Manager - Member
3. General Manager - Member Secretary

District Trade & Industries Centre

The District Level Assistance Committee will also have the authority to approve reimbursement of expenditure incurred in the development of flatted industrial complex and industrial area/cluster with a minimum area of 5 acres and less than 10 acres.

5.5 State Level Empowered Committee

Under the provisions of this Policy the State Level Empowered Committee constituted under the chairmanship of the Chief under the Industrial Promotion Policy 2014 would be authorized to approve concessions [except reimbursement of expenditure incurred in infrastructure development up to industrial premises and setting up of Waste Treatment Plant (ETP)] to eligible MSMEs investing more than Rs. 10 crores and up to Rs. 50 crores in plant and machinery.

The State Level Empowered Committee shall also have the power to sanction reimbursement of expenditure incurred on development of industrial area/cluster having an area of 10 acres or more.

5.6 Internal committee for scrutiny

After eligibility assessment (rates of facilities, eligibility period and subsidy limit) by the State Level Empowered Committee, disbursement of assistance to the unit will be done by the Industries Commissioner, M.P. on the basis of the scrutiny report of the internal committee of Directorate of Industries, M.P. This committee will keep in view the fair distribution of financial assistance. The constitution of the committee will be as follow:

1. Joint/Deputy Director, Financial Assistance Section
2. Joint/Deputy Director, Finance
3. Deputy/Assistant Director, MSME Section
4. Deputy/Assistant Director, Infrastructure Development Section
5. Assistant Director, Financial Assistance Section

Industries Commissioner, M.P. will also be empowered to sanction reimbursement of expenditure incurred in infrastructure development up

to industrial premises and for setting up waste treatment plant (ETP) to eligible MSMEs investing more than Rs. 10 crores and up to Rs. 50 crores in plant and machinery.

6. General provisions for availing concessions

- 6.1 The concessions are not applicable for units which come under the category of ineligible industries as mentioned in the **Annexure – I**
- 6.2 In view of providing employment to the permanent residents of Madhya Pradesh, the conditions provided under the MSME Development Policy 2019 for units investing up to Rs. 10 crores in plant and machinery and the conditions provided under the Industrial Promotion Policy 2014 (as amended, 2020) of the Department of Industrial Policy and Investment Promotion for units investing more than Rs. 10 crores in plant and machinery will be mandatory to comply with.
- 6.3 The procedures for availing concessions will be detailed out in MSME Promotion Scheme 2021 in which detailed information of procedures, eligibility criteria, required documents for availing subsidy/incentive, limit of total assistance and terms & conditions for beneficiary units etc. will be included. Above scheme will be part of this Policy.
- 6.4 Established units with capital investment of more than Rs. 10 crores and up to Rs. 50 crores in plant and machinery, who have been sanctioned the facilities as per eligibility under Industrial Promotion Policy, 2014 (as amended, 2020) and Madhya Pradesh Investment Promotion Scheme 2014 (including amendments) of Industrial Policy and Investment Promotion Department for providing assistance under provisions of that Policy by the State Level Empowered Committee till the date of issue of notification, will continue to get the benefits for the prescribed time period as sanctioned earlier, from the Department of Industrial Policy and Investment Promotion.

7. Concessions

7.1 Industrial Development Subsidy

7.1.1 Industrial development subsidy will be provided as follows for a new industrial unit investing up to Rs. 10 crores in plant and machinery :-

7.1.1.1 Industrial development subsidy to the new industrial units @ 40% on the eligible investment made by them in Plant & Machinery and building. This assistance shall be disbursed in 4 equal annual installments.

7.1.1.2 The cost of building shall not be more than 100% of the cost of Plant and machinery for the purpose of calculating the assistance.

7.1.1.3 Additional Industrial Development Subsidy of 2% per year (for four years) for unit set up by women/SC/ST entrepreneur(s) **or** 2.5% per year (for four years) for unit set up by women entrepreneur(s) of SC/ST category; and

7.1.1.4 Additional Industrial Development Subsidy of 2% per year (for four years) to the industrial units for exporting more than 25% and upto 50% of their total sales;

or

Additional Industrial Development Subsidy of 3% per year (for four years) to the industrial units for exporting more than 50% of their total sales.

7.1.2 Industrial development subsidy will be provided as follows for a new industrial unit investing more than Rs. 10 crores and Rs. 50 Crores in plant and machinery :-

7.1.2.1 This subsidy will be disbursed in 7 equated annual installments. Assistance will be determined in five phases as follows -

7.1.2.1.1 Annual Assistance = Yearly Basic Assistance
X Gross Supply Value Multiple X Yearly
Employment Multiple X Yearly Export
Multiple X Geographical Multiple

7.1.2.1.2 Basic Assistance will be calculated as follows:

Basic Assistance =

IF(PM&B>1500,150, MIN (IF(PM&B<11,
0.4*PM&B, MIN(4+0.098*(PM&B-10)+
PM&B/(10.88)* MAX(1- PM&B/1490,0)+
7.2*(1- PM&B /1500), 0.4* PM&B)), 150))

7.1.2.1.3 Basic Assistance for food processing
industries = 1.5 X (Amount calculated as per
clause 7.1.2.1.2)

7.1.2.1.4 It is clarified here that in any condition basic
assistance for all sectors of industries shall be
limited to maximum Rs. 150 crores. In other
words, if the result of calculation of clause
7.1.2.1.2 and 7.1.2.1.3 is more than Rs. 150
crores, even than the basic assistance Rs. 150
crores only will be payable.

7.1.2.2 Yearly Basic Assistance = Basic assistance / 7

If the commercial production commences before 30
September of relevant year, it shall be considered as the
first year for commercial operation date. However, if the
commercial production commences after 30 September of
relevant year unit shall be provided an option to choose
current year or next year as their first year for commercial
operation date.

7.1.2.3 Gross Supply Value Multiple

Gross Supply Value Multiple = Minimum (75%, Actual

Gross Supply/ Maximum Gross Supply of previous year or years)/75%

Gross Supply Value Multiple (GSM) = MIN(75%, AGS/PPYS)/75%

Peak Previous Year Gross Supply (PPYS)

Actual Gross Supply in the Reviewed Year (AGS)

7.1.2.3.1 Maximum GSM value shall be '1'.

7.1.2.3.2 GSM for first year should be '1' provided utilization of installed capacity is at least 40%.

In case of production is less than 40% of the installed capacity, the Gross Supply Value Multiple will be proportionately less than "1" and the assistance will be calculated accordingly.

7.1.2.3.3 If the gross supply value in subsequent years is 75% or more of the highest gross supply value of the preceding years, the multiple will be treated as "1". If there is a reduction in the gross supply value by 75%, the amount of investment incentive assistance will be reduced proportionately.

7.1.2.3.4 In the calculation of investment incentive assistance under expansion, considering the total production capacity of the original and expanded unit as installed capacity, the Gross Supply Value will be determined on the basis of the above.

7.1.2.4 Export Multiple -

7.1.2.4.1 Export units on export of atleast 25% to 75% of their production shall be eligible for

Investment Promotion Assistance in the range of 1.0 to 1.2 over and above Basic Investment promotion assistance.

Export Multiple (EM) = IF [Export Value/Production Value < 25%, 1, IF {Export Value/Production Value < 75%, 1 + 0.2*(Export Value/Production Value - 25%)/50%, 1.2}]

Export Value – Value of exports Rs. in Crores
Production Value – Value of total production Rs. in Crores

7.1.2.4.2 If export value is less than 25% of production value, Export Multiple (EM) will be 1. For export value of 25% to 75% of production value, Export Multiple (EM) will range from 1.0 to 1.2. For export value of more than 75% of production value, Export Multiple (EM) will be 1.2.

7.1.2.5 Employment Multiple -

7.1.2.5.1 The employment multiple shall vary from 1.0 to 1.5, based on the employment generation by a unit in the range of 100 employees to 2500 employees.

Employment Multiple (EYM) = $\text{MAX}[1, \text{MIN}\{1.5, (1 + (\text{AE} - 100) * ((1.5 - 1) / (2500 - 100)))\}]$

Average Employees in the Reviewed Year (AE) = Average employee count of the company in the reviewed year;

AE will be derived as = Σ (Employee count at the month end for each month of the financial

year) / 12

7.1.2.5.2 Till 100 employees (AE), EYM will be 1. From 100 to 2,500 employees (AE), the EYM will increase from 1 to 1.5, proportionately. For 2,500 and above employees (AE), EYM is capped at 1.5

7.1.2.5.3 Assistance under expansion/diversification will be calculated considering employment multiple as "1" in any case.

7.1.2.6 Geographical Multiple -

Industries setting up in priority blocks, falling under the districts located in the state, will be eligible for an additional Investment Promotion Assistance of '1.2' times and in other blocks located in the district, the multiple will be considered as '1'.

7.2 Assistance in Quality Certification

7.2.1 The State Government will reimburse 100% of the expenditure incurred for certification for ISO/BIS/BEE certificate by a unit investing up to Rs. 25 lakhs in plant and machinery, subject to a maximum of Rs. 5 lakhs.

7.2.2 For ZED Certification for improving brand recognition of MSME and reducing effect on environment : GoI provides assistance @ 80%, 60% and 50% to micro, small and medium units respectively. GoMP will provide assistance upto 50% of the balance amount (10%,20%,25% of total cost respectively to micro, small and medium units)

7.2.3 For obtaining quality certification exclusively for export, during policy period, which made MSMEs of manufacturing sector of the state, eligible to export in USA/European Union/Other OECD

countries: Assistance upto 50% of the cost incurred on obtaining these certifications subject to maximum limit of Rs. 25 Lakhs.

7.2.4 MSMEs, who have commenced production before this Policy but obtain any of the quality certification mentioned in above clauses 7.2.1, 7.2.2 and 7.2.3 within this Policy period, shall also be eligible for reimbursement of assistance as per relevant clause for that quality certification.

7.2.5 Only units investing up to a maximum of Rs. 10 crores in plant and machinery would be eligible for the assistance mentioned in clauses 7.2.2 and 7.2.3.

7.3 Reimbursements for Patents

100% reimbursement to a maximum of Rs. 5 Lakhs to MSME units for expenditure incurred on patents/IPR registration during the policy period.

7.4 Financial Assistance for Infrastructure Development

7.4.1 50% of the expenditure on infrastructure development up to its premises, subject to a maximum of Rs. 25 lakhs shall be provided to a new industrial unit set up in private or undeveloped government land with a minimum investment of Rs. 1 crore and a maximum investment of Rs. 10 crores in plant and machinery. 50% assistance subject to a maximum of Rs. 1 crore each shall be provided to medium scale MSME units investing more than Rs. 10 crores in plant and machinery for developing power, water & road infrastructure.

7.4.2 50% of the expenditure for setting up of Effluents Treatment Plant (ETP) by MSME units investing up to a maximum of Rs. 10 crores in plant and machinery, subject to a maximum assistance of Rs. 25 lakhs and 50% of the expenditure incurred on setting up of waste management, pollution control devices, health & safety standards and water conservation measures, subject to a maximum assistance of Rs. 100 lakhs, to a medium scale MSME unit with an investment of more than Rs. 10 crores in plant and machinery

- 7.4.3 50% reimbursement up to a maximum of Rs. 100 Lakhs for the establishment of a Common effluent treatment plant by a group (minimum 5) of industrial units investing up to a maximum of Rs. 10 crores (each unit) in plant and machinery.
- 7.4.4 50% of the expenditure incurred in development to the developer of industrial area/ flatted industrial complex in the private sector, maximum assistance of Rs. 250 lakhs provided that industrial area so developed is at least 5 acres and less than 10 acres or carpet area of flatted industrial complex should be at least 10000 sq. ft. and 15% of the expenditure incurred in establishment/development of industrial area/cluster of 10 acres or more subject to maximum assistance of Rs. 5 crores will be made provided to the developer. In such a developed industrial area/flatted industrial complex/cluster, it will be necessary to have a minimum of five working industrial units.

7.5 Financial Assistance for Energy audit

To promote energy efficiencies in MSME units investing up to a maximum of Rs. 10 crores in plant and machinery, GoMP will reimburse 50% of the cost of conducting energy audit with maximum limit of Rs. 50,000 and 25% of the cost maximum Rs. 5 Lakhs for adoption of equipment and machinery.

7.6 Special Packages

- 7.6.1 The State Government would provide special package to Power looms sector as described in **Annexure - II**.
- 7.6.2 The State Government would provide special package to pharmaceutical sector as described in **Annexure - III**.
- 7.6.3 The State Government would provide special package to Apparel sector as described in **Annexure - IV**
- 7.6.4 The State Government would provide special package to Food Processing sector as described in **Annexure - V**

7.6.5 The State Government would provide special package to Textile sector as described in **Annexure - VI**

8. Expansion/Diversification/Technical up-gradation

- 8.1 Existing micro, small and medium industrial units which undertake expansion will be eligible for assistance/facilities at par with new industrial units on their additional eligible investment, subject to the following conditions.
- 8.2 Existing micro scale industrial units, which invest additional Rs. 40 Lakhs or more in plant & machinery, shall be eligible for assistance/facilities at par with new industrial units.
- 8.3 Existing small scale industrial units, which invest additional Rs. 100 Lakhs or more in plant & machinery, shall be eligible for assistance/facilities at par with new industrial units.
- 8.4 Existing medium scale industrial units, which invest 30% of existing investment in plant & machinery or Rs. 10 crores (whichever is less), shall be eligible for assistance/facilities at par with new industrial units.
- 8.5 If any unit move out of the purview of eligible MSME category after expansion/diversification/technical upgradation, then the unit will not be eligible for assistance/facilities under this Policy.

9. Creation and maintenance of improved infrastructure facilities

Development of industrial infrastructure with best facilities will surely boost the MSME growth. The MSME department shall come up with New industrial Land and Building allotment rules in alignment with this Policy. Under this :-

- 9.1 The Department will increase the “Land Bank” of Government Land for future development of Industrial Areas/Parks/Estate exclusively for MSME units.
- 9.2 GoMP shall establish dedicated MSME parks in the districts where there are ample opportunities for MSME development.
- 9.3 Department will encourage the development of industrial areas in private sector.

- 9.4 Special focus and thrust shall be given to creation of flatted structure in industrial area on PPP mode.
- 9.5 Online Land Application and Allotment System shall be made easier and user friendly.
- 9.6 State Govt. shall come up with new 'Industrial Land Allotment Rules'. 10 percent plots will be reserved in the Departmental industrial area for the units owned by Scheduled Castes, Scheduled Tribes and OBC category.

10. Capacity strengthening

10.1 Cluster development

- 10.1.1 The State Government has adopted the cluster development approach as a key strategy for industrial & economic development of MSEs as well as factors which will promote in establishment of new industrial area in the State.
- 10.1.2 GoMP will formulate State's own **Cluster Development Scheme** for creating the infrastructure (ID) and Common Facility Centre (CFC) facilities for the MSME clusters spread over across the state with support from GoI.
- 10.1.3 A dedicated cluster development cell shall be created to properly implement the Cluster Development Scheme of State & GoI. This cell shall be responsible to cater to the needs of MSME clusters of the State.
- 10.1.4 Madhya Pradesh Laghu Udyog Nigam will be the nodal agency for cluster activities in the state.

10.2 Self-Employment

- 10.2.1 In order to provide the self-employment opportunities for the youth, the MSME department is presently running various self-employment schemes, which provide concessions and hand-holding support to young entrepreneurs.
- 10.2.2 A new Self-employment scheme with more effective hand holding support and better incentives shall be initiated.

- 10.2.3 Beneficiaries of Self-employment schemes shall be given opportunity to participate in international trade fair/exhibitions.
- 10.2.4 Business skills of youth shall be improved through online EDP module.
- 10.2.5 In order to support the applicants of self-employment schemes, a panel of Chartered Accountants (CAs) will be made at district level.
- 10.2.6 Additional grant will be provided in self-employment schemes to SC/ST beneficiaries

10.3 Start-up and Incubation Support

To nurture innovation and start-up ecosystem for young entrepreneurs in the state, Government of Madhya Pradesh shall come up with new “MP Start-up Policy”.

11. Revival of sick units

If any sick/closed unit revives during the effective period of this policy, assistance/facilitation will be provided to such units.

- 11.1 Assistance for units investing up to a maximum of Rs. 10 crores in plant and machinery :-
 - 11.1.1 To revive potentially viable sick/closed unit, a package will be made with the help of Bankers/ Financial Institutions.
 - 11.1.2 The key responsibilities of preparing the revival package will be Bankers/ Financial Institutions
 - 11.1.3 The Sick Industrial Unit in consultation with Bankers/ Financial Institutions will prepare its proposal for seeking package of concessions and submit it to the Empowered Committee.
 - 11.1.4 The empowered committee will be set up to decide on revival package in favour of sick industrial units, under the chairmanship of Principal Secretary/ Secretary, Department of MSME. The constitution of the Committee will be as follows:

- (i) Principal Secretary/Secretary, MSME Department (Chairman)
- (ii) Principal Secretary/ Secretary of the departments from which concessions/ relief are sought by the sick units (Member)
- (iii) Industries Commissioner, MSME Department (Member)
- (iv) Zonal Manager of the concerned bank branch (Member)
- (v) Branch Manager/ In charge officer of the Bank/ Financial Institute through which revival package is proposed (Member)
- (vi) Joint / Deputy Director, MSME Department (Member Secretary)

11.1.5 Banks/ Financial Institutions will prepare revival package in favour of viable sick industrial units, in which concession can be sought from State Govt.

11.1.6 In the revival package prepared by banks/financial institutions for the revival of sick units, the demand for facilities being sought from the state government will be presented before the Empowered Committee and department facilities or facilities of other departments, with the consent of the concerned department can be approved by the Empowered Committee in favour of sick unit on the basis of merits.

11.2 Assistance for units investing more than Rs. 10 crores in plant and machinery and up to a maximum of Rs. 50 crores :-

11.2.1 The benefit of continuation of earlier sanctioned assistance shall be provided to restart closed units, after a change in management, only in case if the production in the unit was stalled for more than 1 year. The assistance will be provided to the unit continuously for the same additional period as the period during which the production was stopped.

- 11.2.2 Interest charges on arrears due, till the date of closure, payable to departments/institutions will be waived off if the arrears are cleared within 3 months from the acquisition in a one-time settlement otherwise option will be made available for clearing such arrears in 6 halves yearly instalments.
- 11.2.3 The State Level Empowered Committee would be competent to sanction the facilities mentioned in the above clauses 11.2.1 and 11.2.2. The representative of the concerned department/institution whose arrears are due will be compulsorily invited in the meeting of the committee, organized to decide the interest waiver on the arrears.
- 11.3 Ineligible industries defined in this policy will not be eligible for the facilities/incentives provided in clauses 11.1 and 11.2 above.
- 11.4 If the new investment in plant and machinery is in accordance with the clause 8 of this policy, the facilities as per eligibility under this policy shall be provided to the unit as a new unit.

12. Amendment/Relaxation/Cancellation

Regardless of the provisions under the policy, the Madhya Pradesh Government, Department of Micro, Small and Medium Enterprises at any time-

- 12.1 May amend or cancel this Policy
- 12.2 May relax the provisions of this Policy
- 12.3 May issue instructions/ clarifications/guidelines to clarify the provisions of the Policy.

13. Jurisdiction

In case of any dispute, the court area will be Madhya Pradesh.

14. Glossary

- (i) **Policy** means "MP MSME Development Policy 2021".
- (ii) **MSME** means, micro, small and medium enterprises define under Micro, Small and Medium Enterprises Development Act, 2006 (with amendments made from time to time).
- (iii) **Unit/industrial unit** means, manufacturing unit of MSME category in Madhya Pradesh
- (iv) **Investment in plant and machinery** means investment in Plant and Machinery as per the Micro, Small and Medium Enterprises Development Act 2006 (with amendments made from time to time as adopted by the Government of M.P.).
- (v) **Investment in building** means investment in factory buildings & sheds, which is used for production but shall not include dwelling units.
- (vi) **New industrial unit** means such manufacturing unit of MSME category, which are established during the policy period.
- (vii) **Existing industrial unit** means, an industrial unit in which commercial production has started before the date of notification of this Policy or new industrial units which made expansion/diversification/technical upgradation during the policy period.
- (viii) **Women/SC/ST entrepreneur unit means** operational unit in which Women/SC/ST entrepreneur(s) have hundred percent stake.
- (ix) **The date of commercial production** means after commencing production date of the first-time sale of the goods produce, which means the date of the bill date of the first sale.
- (x) **Quality certification** means, ISO certification issued by third party authorized agencies for quality certification or BIS/BEE certification or ZED certification or certification exclusively for export.
- (xi) **Patent** Means, the patent defined under Patent Act, 1970 (including amendments made from time to time) and or underlying patent.

- (xii) **Directorate of Industries** means the Directorate under the Micro, Small and Medium Enterprises Department of Government of Madhya Pradesh.
- (xiii) **The State Government** means the Micro, Small and Medium Enterprises Department of Government of Madhya Pradesh.
- (xiv) **District Trade & Industries Centre** means the district level office of MSME Directorate under the Micro, Small and Medium Enterprises Department of Government of Madhya Pradesh.
- (xv) **Food Processing industry** means such value-added products prepared after agricultural/horticultural products' processing (using plant and machinery) being different from their previous physical form, they also have commercial utility and can be used as food items. Such as - Ready to Eat or Ready to Cook Foods, Food Additives, Preservatives, Colours & Fragrances and Milk Based Value Added Products.
- (xvi) **Ready-made garments and made-ups** mean wearable clothes or nonwearable clothes, stitched clothes, in which at least two-ends of clothes have been stitched using a sewing machine.
- (xvii) **Cluster** means clusters as defined in 'Point 2(17) of Appendix-D' of the *Madhya Pradesh MSME Ko Audyogik Bhoomi Tatha Bhawan Aavantana Evam Prabandhan Niyam, 2021*.
- (xviii) **Developer** mean developer as defined in 'Point 2(17) of Appendix-D' of the *Madhya Pradesh MSME Ko Audyogik Bhoomi Tatha Bhawan Aavantana Evam Prabandhan Niyam, 2021*.
- (xix) **Priority block** means such block of the state where no such industrial unit is established in which investment of more than Rs. 10 crores has been made in the plant and machinery. For this, priority blocks will be considered as per the list issued by the Department of Industrial Policy and Investment Promotion in every financial year.

- (xx) Textile Projects means the following industrial units :-
1. Cotton ginning and pressing
 2. Silk Reeling and Twisting
 3. Wool Scoring, Combing and Carpet Industry
 4. Texturizing, Crimping and Twisting of Synthetic Filament Yarn
 5. Spinning
 6. Viscose Staple Fiber (VSF) and Viscose Filament Yarn (VFY)
 7. Weaving, Knitting & Fabric Embroidery
 8. Technical Textile Including Non-Woven
 9. Garment / Design Studio / Made-up Manufacturing
 10. Processing of fiber, yarn, fabric, garment and made-up
 11. Jute Industry

15.* Special financial assistance for manufacturing units of furniture & toys and related value chain products

1. **Preamble** – Development of Product based clusters is the main strategy for industrialization and for inclusive development of the state, creating employment opportunities for the people and encouraging innovation and entrepreneurship.
2. **Objective** -
 - To create maximum opportunities of direct/ indirect employment for the youth of the state.
 - Establish supply chain and infrastructure in rural and urban areas.
 - Attract large amount of investment in the State.
 - Develop quality and value-added products in the state to enhance the competitiveness.
 - Development of service sectors such as logistics and warehousing, packaging etc. in the state.

* Added as per order No. 354/2022/A-73, dated 18.05.2022 of Department of Micro, Small and Medium Enterprises.

- To support the MSME sector, which is the most economically affected sector by the Corona pandemic.
- 3. Effectiveness** - In line with the Madhya Pradesh MSME Development Policy, 2021, specific financial assistance for manufacturing units of furniture & toys and related value chain products and the procedure contained therefore will be in accordance with the Madhya Pradesh MSME Incentive Scheme, 2021 issued for the Madhya Pradesh MSME Development Policy, 2021. The units receiving these specific financial assistance will not be eligible for the benefit of other provisioned facilities under The Madhya Pradesh MSME Development Policy, 2021.

Keeping in view the practicability of work in the Department of Micro, Small and Medium Enterprises, it is also clarified that the benefit of the subjected specific financial facilities will be available to the manufacturing units of Micro, Small and Medium Category Furniture & Toy and related value chain products starting commercial production after issue of order to this effect.

- 4. Details of special financial assistance/concession/facilities** – Eligible manufacturing units of furniture and toy and related value chain products shall receive the following benefits subject to the terms & conditions: -
- 4.1 Industrial Development Subsidy** - A maximum of 40% will be payable on fixed assets such as plant and machinery and building. The remaining rules and procedures will be as per Madhya Pradesh MSME Incentive Scheme, 2021.
 - 4.2 Interest Subvention - Interest subvention** at the rate of 2% on term loans taken from banks/financial institutions for the project for 05 years, maximum limit of Rs. 100 lakhs per annum.
 - 4.3 Exemption of Electricity Duty** - 100% exemption from electricity duty for 5 years from the date of High-Tension power connection to all eligible new units.
 - 4.4 Assistance in power tariff** - Assistance of Rs. 1 per unit for 5 years from the date of commercial production in the project to the High-Tension electricity consumers on getting a new connection

to the prevailing power tariff by Madhya Pradesh Electricity Regulatory Commission. The said assistance will be in addition to the concession (if any) being given by the Madhya Pradesh Electricity Regulatory Commission in its retail tariff order and will be borne by the department from its own budget.

- 4.5 Reimbursement of Stamp Duty and Registration Fee** – 50% reimbursement on registration fee and stamp duty paid on land/bank loan documents for project implementation.
- 4.6 Incentives on Quality Certification** – 25% cost reimbursement maximum Rs. 10 lakhs, will be provided for all certificates for obtaining a maximum of 4 quality certificates from quality certification institutions recognized by the Central Government and the State Government, i.e. maximum assistance will be limited to Rs. 2.50 lakh on obtaining a quality certificate.
- 4.7 Reimbursement of expenditure on skill development and training** - Permanent residents of Madhya Pradesh will be reimbursed up to a maximum of Rs. 10,000 per employee for the employees trained by the unit for skill enhancement in the first 3 years of commencement of commercial production.
- 4.8 Employment Generation Subsidy** - All new employees, appointed by the employer during the first three-year period from the date of commencement of commercial production in the unit, will be eligible to avail the benefit of assistance of Rs. 5000 per employee per month. The period of assistance will be maximum 5 years and will be given to a maximum of 200 employees. This assistance will be limited to a period of 5 years from the date of commencement of commercial production in the unit. This means that the new employee appointed in the third year will be eligible for employment generation subsidy for the next two years from the date of his appointment. The said assistance shall be subject to the following conditions: -

Sl. No.	Period	Minimum Average Percentage of Madhya Pradesh domicile employees in the unit out of total number of employees since the date of commencement of production in the unit
1.	within 1 year	50%
2.	within 2 years	75%
3.	within 3 years	90%

In case of non-fulfilment of the said condition, the employment generation subsidy assistance being provided to the unit will be reduced proportionately.

4.9 Export Support - The unit will be provided upto 1.25 times eligible industrial development subsidy for exports of more than 25% and up to a maximum of 50% of the total annual sales of the products manufactured and upto 1.50 times eligible industrial development subsidy for exports of more than 50% i.e. benefit of 10% additional assistance along with basic industrial development subsidy for exports of more than 25% & up to a maximum of 50% by the unit and benefit of 20% additional assistance along with basic industrial development subsidy for exports of more than 50% will be available subject to conditions. Export assistance will be payable for a maximum period of 4 years from the date of commencement of commercial production of the unit. It is clarified that exports below the prescribed limit of exports in a given year will not get the benefit of export assistance in that financial year.

4.10 Reimbursement of expenses/charges incurred on product design/technology transfer - 50% or maximum Rs. 5 lakhs per product design/technology transfer. This benefit will be available for a maximum of 4 design and technology transfers. Product Design/Technology Transfer should be certified from Government of India/State Government recognized laboratories (NABL

accredited)/institutions. Government of India guidelines will apply to product design and technology taken from foreign institutions.

4.11 Reimbursement of expenditure for obtaining patent and design registration - 100% reimbursement to a maximum of Rs. 5 Lakhs to the units for expenditure incurred on obtaining national & international patent and design registration on the product manufactured in the state itself.

4.12 Reimbursement of expenditure for effluents management/green initiatives

4.12.1 Assistance of 50% of the expenditure incurred for setting up of Effluents Treatment Plant (ETP) by MSME units investing up to a maximum of Rs. 10 crores in plant and machinery, subject to a maximum Rs. 25 lakhs.

4.12.2 Assistance of 50% of the expenditure incurred for setting up of effluent management, pollution control equipment, health and safety equipment and water conservation measures to MSME units investing more than Rs. 10 crores in plant and machinery, subject to a maximum Rs. 100 lakhs.

4.12.3 Assistance of 50% of the expenditure incurred by a group of industrial units (at least 10) for setting up of Common Effluents Treatment Plant (CETP), subject to a maximum of Rs. 200 lakhs.

5. Powers of Amendment, Relaxation/Repeal - Regardless of the provisions under special financial assistance to manufacturing units of furniture & toys and related value chain products, Government of Madhya Pradesh, Department of Micro, Small and Medium Enterprises at any time-

- (i) May amend or repeal it.
- (ii) May relax the implementation of its provisions.
- (iii) May issue directions and guidance with a view to facilitate its implementation or to remove anomalies and to explain the provisions contained therein.

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List of ineligible industries

1. Activities pertaining to trading and services
2. Beer and liquor which contains alcohol
3. Manufacturing of all kinds of pan masala and gutkha
4. Manufacturing of Tobacco and tobacco-based products
5. Manufacturing of plastic bags of thickness 40 micron or lesser and all type of polythene bags.
6. Industrial units set up by central or state government or their undertaking
7. Stone crusher
8. Grinding of minerals, Calcination (Excluding manufacturing of artificial sand from crushed stone)
9. Defaulter of state government/state government undertaking
10. All types of mining activity (where there is no value addition)
11. Manufacturing of Charcoal
12. All type of Solvent extraction plant (Excluding edible oil expeller units, which invested Rs. 1 crore or less in plant & machinery)

13. All type of oil refineries
14. Cement /Clinker manufacturing
15. Publishing and Printing processes of all types
16. Saw milling & planing of wood
17. Pressing of iron/steel scrap into blocks or any other shapes
18. Electricity generation units
19. Package drinking water
20. Sortex plant and Sorting/Grading/Cleaning of crops/grain
*(Provided that except a Sortex plant (including Grading + Cleaning) established in the premises of a paddy milling unit, which mainly deals with paddy milling)
21. All types of aerated/ carbonated drinks
22. Slaughter house and industries based on meat
23. Units set up in Special Economic Zone (SEZ)
24. Any industry declared by state government from time to time with reference to MP MSME Development Policy 2021.

* Added as per order No. F 5-1/2019/A-73, dated 02.12.2021 of Department of Micro, Small and Medium Enterprises and with effect from notification dated 10 December, 2021

Special Package to Power looms Sector

1. GoMP shall provide 25% of upgradation cost or 100% remaining of GoI's financial support after adjustment (if any) whichever is less as financial assistance for upgradation of plain/semi-automatic shuttle power loom into modern shuttleless power loom subject to a maximum of 10 looms in a unit
2. Concession @ Rs. 1.50 per unit to the power loom, upto 20HP capacity and @ Rs. 1.25 per unit to the power loom for above 20HP but upto 150HP capacity in electricity supply. Also, 100% reimbursement of fixed charges and difference in minimum charges & actual consumption in electricity supply for the power loom of upto 150HP capacity.
3. 60% financial assistance up to maximum of Rs. 500 Lakhs to the developers for industrial area/flatted industrial complex/Cluster for power loom in private sector.
4. The assistance mentioned in the above points 1 and 2 will be available only to units investing upto a maximum of Rs. 10 crores in plant and machinery.
5. The unit availing the benefits of this special package will be able to avail other remaining facilities (which are not of the similar type) declared under this policy as per eligibility.

Special Package to Pharmaceutical Sector

1. The cost of building shall not be more than 200% of the cost of Plant and machinery for the purpose of calculating the Industrial Development Subsidy.
2. 50% of the expenditure incurred on creating facilities for obtaining certificate of WHO-GMP or US-FDA certificate for export readiness, would be reimbursed up to a maximum limit of Rs. 50 lakhs.
3. Assistance @ 50%, maximum Rs. 25 Lakhs to extend support for establishment of lab equipment & machinery.
4. The assistance mentioned in the above points 1, 2 and 3 will be available only to the units investing up to a maximum of Rs. 10 crores in plant and machinery
5. 60% financial assistance up to maximum of Rs. 500 Lakhs to the developers for industrial area/flatted industrial complex/Cluster for pharmaceutical units in private sector.
6. Pharmaceutical MSMEs, investing more than Rs. 10 crores in plant & machinery, shall be eligible to avail a slack period of up to two years from the date of commercial production in the unit for claiming incentives. However, the time period for assistance shall remain unchanged for a period of 7 years.
7. The unit availing the benefits of this special package will be able to avail other remaining facilities (which are not of the similar type) declared under this policy as per eligibility.

Special Package to Apparel Sector

1. New industrial Readymade garments and made-ups (wearable or non-wearable fabric, stitched fabric, in which at least two ends of the cloth is stitched by using machinery) manufacturing units having at least Rs. 1.00 crore and upto Rs. 10 crores invested in plant & machinery & minimum 25 regular employee, will be provided 25 percent of salary of each regular employee, which is a permanent resident of the state, maximum Rs. 2500 per month, up to an annual limit of Rs. 5 lakhs, for 5 years as a 'Salary grant'.
2. The new readymade garments and made-ups manufacturing unit of MSME category, in which more than Rs. 10.00 crores have been invested in the plant and machinery, will be provided assistance/facilities as follows :-
 - 2.1 **Interest Subsidy:** 5% interest subsidy for 7 years on term loan taken for Plant & Machinery approved under Amended Technology Up-gradation funds scheme (ATUFs) of Govt. of India, Ministry of Textile.
 - 2.2 **Reimbursement of Training Expense :** In view of the requirement of the technical and skilled employees to textile projects, skill development and training expenses reimbursement assistance of Rs. 13000 per new employee shall be provided for 5 years. The assistance shall only be provided to employees' domicile of Madhya Pradesh.
 - 2.3 **Employment Generation Subsidy :** All the new employees appointed in the period of first eight years from the date of commencement of commercial production in the unit by the employer, will be eligible to receive benefit of an assistance of Rs. 5000 per employee per month. The assistance period will be maximum 5 years. This assistance will be limited to a period of 10 years from the date of commencement of commercial production, which means that the new employee appointed in the eighth year will be eligible for employment generation subsidy from the date of

appointment for the next two years. The mentioned assistance will be subject to the following condition:

S. No.	Duration	Minimum Average Percentage of Madhya Pradesh domicile employees in the unit out of total number of employees since the date of commencement of production in the unit
1	Within 1 year	50%
2	Within 3 years	75%
3	Within 5 years	90%

On non-compliance of the above conditions, there shall be a proportionate reduction in the employment generation subsidy being provided to the unit.

- 2.4 Reimbursement of Stamp Duty and Registration Fee - Units who take land on lease in industrial areas established by the State Government will be reimbursed the stamp duty and registration fee charged on lease land.
- 2.5 Concession on Electricity duty : All eligible new units will be provided electricity duty exemption for a period of 7 years from the date of taking the electrical connection.
- 2.6 Concession on Power tariff : Power supply at a fixed rate of Rs. 5 per unit on any new electrical connection, for 5 years from the date of commercial production in the unit.
- 2.7 In addition to the effective rebate on premium of land as per provision under the *Madhya Pradesh MSME Ko Audyogik Bhoomi Tatha Bhawan Aavantana Evam Prabandhan Niyam, 2021*, 50% rebate in the development fee charged on units will be provided to garmenting units in case of taking land on lease in industrial area.

- 2.8 The facilities mentioned in the above points 2.1 to 2.7, will be available only to the units established in the notified industrial area/cluster under the Department of Industrial Policy and Investment Promotion and Department of Micro, Small and Medium Enterprises.
3. 60% financial assistance up to maximum of Rs. 500 Lakhs to the developers for industrial area/flatted industrial complex/Cluster for Apparel units in private sector.
 4. The unit availing the benefits of this special package will be able to avail other remaining facilities (which are not of the similar type) declared under this policy as per eligibility.

Special Package to Food Processing Units

The new food processing unit, in which investment of more than Rs. 10.00 crores and up to Rs. 50.00 crores have been made in the plant and machinery, will be provided assistance/facilities as follows :-

1. Power consumption Support : As per the prevailing electric tariff, new customers of high-tension connection will get a subsidy of Rs. 1 per unit or 20 per cent, whichever is less. This rebate shall be payable for a period of 5 years from the date of production / business operation for food processing units. In off season, the higher of 10 percent of the contract demand or actual recorded demand, shall be billed at normal tariff, this support is applicable to food processing units of related category.
2. Exemption from Mandi Fee :
 - 2.1 All eligible food processing units will be exempted from the Mandi Fee for maximum 50% of investment in plant and machinery or 5 years (whichever is less).
 - 2.2 This exemption shall be applicable for those units who shall purchase agricultural produce from the state.
3. Special assistance for establishing food parks :
 - 3.1 Infrastructure Development Assistance : To encourage the establishment of food processing projects in the state and to improve the infrastructure, according to the Guidelines for the setting up of mega food park issued by Ministry of Food Processing Industries, Government of India, an assistance of 15% of project cost (maximum amount Rs. 5 crores) in establishing mega food park by a private investor, shall be provided. This assistance shall be payable on the establishment of minimum 10 units in the developed park. This assistance shall be payable in the form of top-up.

3.2 Stamp Duty Support : Stamp duty will be reimbursed to the promoters for transferring their land to Special purpose vehicle for establishing mega food park.

4. The unit availing the benefits of this special package will be able to avail other remaining facilities (which are not of the similar type) declared under this policy as per eligibility.

Special Package to Textile Units

Interest subsidy on term loan taken for Plant & Machinery approved under Amended Technology Up-gradation Funds Scheme (ATUFs) to new textile units (MSMEs of manufacturing category, in which investment of more than Rs. 10 crores and up to Rs. 50 crores) will be provided from the date of commercial production as under :-

S. No.	Type of Units	Interest subsidy
1	For New Units with an investment of upto Rs. 25 crores in fixed assets	@2% for 5 years, subject to a ceiling of Rs. 5 crores
2	New standalone units with an investment of more than Rs. 25 crores in fixed assets or Expansion/Diversification of existing standalone unit with fresh investment in ATUFS approved Plant & Machinery of at least 30% of existing investment in fixed Assets (Not less than Rs. 25 crores) or Rs. 50 crores, whichever is less	@5% for 5 years
3	New composite unit* with an investment of more than Rs. 25 crores in fixed Assets or Diversification of Existing Standalone unit into a composite unit	@7% for 5 years

- * For a unit to be classified as Composite Unit, it should be doing either of the following manufacturing activities irrespective of its locations (location may be same or at different places within the state of Madhya Pradesh) and utilizing at least 75% of primary produce (such as yarn) as an input to the downstream activities :
- ✓ Cloth manufacturing using thread and processing activities (weaving / knitting and processing activities)
 - ✓ Cloth processing and manufacturing (processing and garmenting)
 - ✓ Thread manufacturing – Apparel manufacturing using thread, processing and apparel manufacturing using clothes (spinning-weaving / knitting-processing & garmenting)
 - ✓ Made-up articles

The unit availing the benefits of this special package will be able to avail other remaining facilities (which are not of the similar type) declared under this policy as per eligibility.

Note : This document is English translation of "*MP MSME Vikas Niti 2021*" (Yatha Sanshodhit May, 2022 - Hindi Version)



MSME

GOVERNMENT OF MADHYA PRADESH

