



ABSTRACT

Micro, Small and Medium Enterprises - Micro, Small and Medium Industries Policy, 2008 - Orders - Issued.

Micro, Small and Medium Enterprises (B) Department

G.O.(Ms) No.14

Dated: 7.5.2008

Read:

1. G.O.(Ms)No.37, Small Industries Department, dated 20.7.2000.
 2. G.O.(Ms)No.32, Small Industries Department, dated 28.6.2003.
 3. From the Industries Commissioner and Director of Industries and Commerce, Chennai-5 Letter Rc. No.7599/LC3/2008 dated 26.2.2008.
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ORDER:

In the Governor's Address for the year 2006-07, it was announced that, in order to encourage the small scale sector which has tremendous employment generation potential, the scheme of granting capital subsidy for small scale industries established in industrially backward areas would be revived. Accordingly, a High Level Committee was constituted under the chairmanship of Secretary, Industries Department for identifying the industrially backward blocks in the State.

2. Further, in the Policy Note for Small Industries Department for the year 2006-07, Government announced that a policy for the development of micro and small enterprises in the State would be formulated in consultation with industry and in harmony with the broad objectives of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

3. The High Level Committee constituted for identifying the industrially backward blocks in the State has identified 251 blocks in the State as industrially backward blocks, following detailed and scientific analysis of various parameters which have bearing on the backwardness of the blocks. Besides the High Level Committee has also suggested a package of incentive schemes for the enterprises established in the industrially backward blocks as well as special incentive schemes for agro based and thrust sector enterprises in the State.

4. After detailed examination of the recommendations of the High Level Committee constituted to identify the industrially backward blocks and also taking into consideration of suggestions received from the representatives of the various Associations of micro and small industries in the State, during a series of meeting taken up by the Government, the Government have approved the "Micro, Small and Medium Industries Policy, 2008" as appended to at **Annexure -I.**

5. Highlights of the Policy interventions proposed in the "Micro, Small and Medium Industries Policy 2008" are given below:-

I. Infrastructure Support

- Schemes for upgradation of existing industrial estates.
- Schemes for establishment of new industrial estates.
- Reservation of up to 20% of land in all State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) estates for micro, small and medium enterprises and up to 30% of area for micro enterprises in Small Industries Development Corporation (SIDCO) estates.
- Establishment of multi-storied flatted industrial estates for micro enterprises.
- Liberal Floor Space Index (FSI) up to 1.5 to 1.75 for industrial sheds and up to 2.5 for multi – storied industrial units.
- 50% Rebate on stamp-duty and registration charges for micro and small enterprises set up in industrial estates and also in industrially backward areas.
- An infrastructure subsidy of 20% for the development of private sector industrial estates, subject to a maximum of Rs. 1 crore per estate.

II. Incentive Support

a. Exclusive subsidy schemes for micro manufacturing enterprises established anywhere in the State

- 15% capital subsidy on the value of eligible plant and machinery subject to a maximum of Rs.3.75 lakhs.
- 20% low tension power tariff subsidy for 36 months from the date of commencement of commercial production or from the date of power connection whichever is later.

- 100% subsidy on the net value of Value Added Tax(VAT) paid by them for the first 6 years upto the value of investment made in eligible plant and machinery at the time of allotment of Entrepreneur Memorandum No. Part II.
 - Stamp duty exemption on mortgaged and pledged documents.
- b.** Subsidy schemes for micro, small and medium manufacturing enterprises established in industrially backward areas and agro based industries set up in 385 blocks in the State.
- 15% capital subsidy on the value of eligible plant and machinery, subject to a maximum of Rs.30 lakhs.
 - 5% additional employment intensive subsidy on the value of eligible plant and machinery for giving employment to 25 workers for 3 years within the first 5 years from the date of commencement of commercial production, subject to a maximum of Rs. 5 lakhs.
 - 5% additional capital subsidy on the value of eligible plant and machinery for units set up by women, scheduled caste/scheduled tribe, physically disabled persons and transgender entrepreneurs, subject to a maximum of Rs.2 lakhs.
 - 25% additional capital subsidy on the value of eligible plant and machinery installed to promote cleaner environment friendly technologies subject to a maximum of Rs.3 lakhs on certification by the Tamil Nadu Pollution Control Board.
 - 20% low tension power tariff subsidy for 36 months from the date of commencement of production or from the date of power connection whichever is later after allotment of Entrepreneur Memorandum No. Part II .
- c.** Special capital subsidy for thrust sector industries set up anywhere in the State
- 15% special capital subsidy on the eligible plant and machinery for the 10 thrust sector industries viz., electrical and electronic industry, leather, auto parts and components, drugs and pharmaceuticals etc. set up anywhere in the State, subject to a maximum of Rs.30 lakhs. However, the subsidies mentioned at (b) above are eligible for the thrust sector set up in industrially backward areas only.

III. Technical Support

- Establishment of Industrial Cluster and Mini Tool Rooms under public private partnership mode.
- 3% back-ended interest subsidy for technology upgradation / modernization subject to a ceiling of Rs.10 lakhs per enterprise over a period of 5 years.
- Creation of Technology Development Fund for evolving cleaner / energy efficient / IT enabled technologies.
- Assistance for creation of Centres of Excellence and Technology Business Incubators for introduction of new production techniques and design development to the tune of Rs.50 lakhs per incubator / Centre of Excellence.
- 50% subsidy on the cost of filing a patent application or Rs.2,00,000/- per application whichever is less and 50% subsidy on the cost of trade mark registration or Rs.25,000/- whichever is less.
- Reimbursement of 50% of the tuition fees for conducting short term training courses for entrepreneurship and skill development programmes by Industries Associations.

IV. Information and Marketing support

- 15% price preference for purchase of goods of domestic micro and small enterprises, as provided in the Tamil Nadu Transparency in Tenders Act, 1998.
- Purchase preference for items notified by the State Government .
- Waiver of Earnest Money Deposit for participation in tenders.
- 50% grant on hall rent, subject to a ceiling of Rs.5 lakhs per event in Chennai / Rs.1 lakh per event in the Districts and Rs.5 lakhs in other States per exhibition.
- Support for marketing under a common banner or brand name.

V. Deregulation and Simplification

- Introduction of Common Application form for submission to statutory authorities in Government.
- Self certification in respect of their compliance with statutory requirements.
- Proposed enactment of Industrial Single Window Clearance Act.

VI. Administrative Reforms

- Constitution of Micro, Small and Medium Industries Board for reviewing and recommendation of policies and programmes for the development of MSMEs in the State.
- Constitution of an Empowered Committee with Hon'ble Minister for Rural Industries as Chairman for monitoring of policy implementation.
- Revamping of administration machinery of the Department of Industries and Commerce to cope up with the emerging trends and play a facilitating role.

VII. Policy Support

- A separate Policy for rehabilitation of sick micro, small and medium industries with rehabilitation package.
- Proposed formulation of export policy to encourage the export of the products of micro, small and medium enterprises in the State.

6. The package of incentives and concessions contained in this Micro, Small and Medium Industries Policy, 2008 will be eligible to all new micro, small and medium manufacturing enterprises, which have taken effective steps to set up their units on or after 1.8.2006 and commenced commercial production on or after 22.02.2008, the date of announcement of Micro, Small and Medium Industries Policy, 2008. These incentives will also be eligible for units taking up substantial expansion / diversification of their existing activities on the incremental assets created towards expansion / diversification.

7. In the letter read above the Industries Commissioner and Director of Industries and Commerce has sent draft guidelines for administration of the fiscal incentives schemes announced in the Micro, Small and Medium Industries Policy, 2008 noted in Para 5 II above.

8. Government, after careful examination of the recommendations of the Industries Commissioner and Director of Industries and Commerce, approve the manual for administration of incentives and concessions announced in the Micro, Small and Medium Industries Policy, 2008 which is appended at **Annexure II**.

9. All the implementing agencies, viz., Industries Commissioner and Director of Industries and Commerce, Tamil Nadu Industrial Investment Corporation, Small Industries Development Corporation, etc. are directed to follow scrupulously the above guidelines.

10. Guidelines for implementation of other schemes announced in the Policy such as Infrastructure Support, Technical Support, Information and Marketing support, Deregulation and Simplification, Administrative Reforms, Monitoring of Policy Implementation and rehabilitation of sick micro, small and medium enterprises will be issued separately.

11. All the earlier orders on subsidies are hereby superceded.

12. This order issues with the concurrence of Finance Department vide its U.O.No. 1251/FS/P/2008 dated 3.5.2008.

(BY ORDER OF THE GOVERNOR)

**P. SELVAM
SECRETARY TO GOVERNMENT**

To

Industries Commissioner and

Director of Industries and Commerce, Chennai-5.

The Managing Director, Tamil Nadu Industrial Investment Corporation Limited, Chennai-35.

The Chairman and Managing Director, State Industries Promotion Corporation of Tamil Nadu, Chennai-8

All District Collectors

The Chairman and Managing Director, Tamil Nadu Small Industries Development Corporation, Chennai-32

The Accountant General, Chennai-18/35/6

All Pay and Accounts Officers / All District Treasuries

Copy to:

Secretary II to the Chief Minister, Chennai 9.

The Chief Secretary to Government, Chennai 9

The Secretary to Government, Finance / Industries/Commercial Tax / Energy Departments, Chennai 9

All other Departments of Secretariat, Chennai 9

All sections in Micro, Small and Medium Enterprises Department, Chennai 9

Tamil Nadu Pollution Control Board, Chennai-32.

Commissioner of Commercial Taxes, Chennai-5

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/FORWARDED BY ORDER/

SECTION OFFICER