

मध्यप्रदेश शासन
सूक्ष्म, लघु और मध्यम उद्यम विभाग
मंत्रालय
// आदेश //

भोपाल, दिनांक 23 /10/2019

क्रमांक एफ 5-21/2019/अ-तेहत्तर : राज्य शासन एतद् द्वारा संलग्न परिशिष्ट-एक अनुसार "मध्यप्रदेश एमएसएमई विकास नीति, 2019" तथा संलग्न परिशिष्ट-दो अनुसार "मध्यप्रदेश एमएसएमई प्रोत्साहन योजना, 2019 जारी की जाती है।

मध्यप्रदेश के राज्यपाल के नाम
से तथा आदेशानुसार

(पर्वत सिंह)

उप सचिव,

मध्यप्रदेश शासन,

सूक्ष्म, लघु और मध्यम उद्यम विभाग

पृ. क्रमांक एफ 5-21/2019/अ-तेहत्तर,

भोपाल, दिनांक 23 / 10 / 2019

प्रतिलिपि:-

1. प्रमुख सचिव, मुख्यमंत्री कार्यालय, मंत्रालय भोपाल।
2. प्रमुख सचिव, समन्वय मुख्य सचिव कार्यालय, मंत्रालय भोपाल।
3. अपर मुख्य सचिव/प्रमुख सचिव/सचिव, मध्यप्रदेश शासन,(समस्त विभाग)
4. उद्योग आयुक्त, उद्योग संचालनालय, मध्यप्रदेश भोपाल।
5. आयुक्त, जनसम्पर्क, मध्यप्रदेश भोपाल।
6. प्रबंध संचालक, मध्यप्रदेश इण्डस्ट्रियल डेवलपमेंट कॉर्पोरेशन लि. भोपाल।
7. संभागायुक्त.....(समस्त)।
8. प्रबंध संचालक, मध्यप्रदेश लघु उद्योग निगम, भोपाल।

9. नियंत्रक, शासन केन्द्रीय मुद्रणालय अरेरा हिल्स, भोपाल की ओर "मध्यप्रदेश एमएसएमई विकास नीति, 2019" तथा "मध्यप्रदेश एमएसएमई प्रोत्साहन योजना, 2019" की हिन्दी की हस्ताक्षरित प्रति सहित संलग्न कर निवेदन है कि कृपया आगामी राजपत्र में प्रकाशित करवाकर उसकी 25 प्रतियां इस विभाग को भिजवाने का कष्ट करें।
10. कलेक्टर.....(समस्त)।


उप सचिव,

मध्यप्रदेश शासन,
सूक्ष्म, लघु और मध्यम उद्यम विभाग



Government of Madhya Pradesh

MP MSME Development Policy, 2019



Department of Micro, Small and Medium Enterprises

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

M.P. MSME Development Policy, 2019

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 GoI and assure that it is in the process of developing a vibrant MSME in the state. With this commitment, Department has decided to constitute a dedicated MP MSME Development Policy 2019. 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 2019 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 01.10.2019.
- 4.2 This policy will continue till the time replaced by the new policy.
- 4.3 The MSME units commencing commercial production after 30.09.2019 shall be eligible to avail benefits only under this policy. After the enforcement of this policy, the option of availing facilities/benefits for MSME promotion scheme 2017 will be closed for new manufacturing units which commence production on or after 01.10.2019. Units, which commence production before 01.10.2019 would be eligible to avail concessions under the MSME Development Policy 2017 or any earlier relevant policies.

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 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

Following committee at District level under the chairmanship of District Collector will be responsible to extend the concessions to the eligible MSMEs under the provisions of this policy :-

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

District Trade & Industries Centre

6. General provisions for availing concessions

- 6.1 The concessions are not applicable for units which comes under the category of ineligible industries as mentioned in the **Annexure – I**

- 6.2 Under this policy, it will be mandatory for beneficiary units to provide 70% of its total employment to the permanent residents of Madhya Pradesh and in that 70% employment, representation of SC, ST & Other Backward Classes, as per reservation declared by the State Government, will be mandatory also.
- 6.3 If any sick unit is revived during the policy period, it can avail the concession (as per eligibility) provided in the policy as per the package approved by the empowered committee.
- 6.4 The procedures for availing concessions will be detailed out in MSME Promotion Scheme 2019 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.

7. Concessions

7.1 Industrial Development Subsidy

- 7.1.1 Industrial development assistance 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.
- 7.1.2 The cost of building shall not be more than 100% of the cost of Plant and machinery for the purpose of calculating the assistance.
- 7.1.3 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
- 7.1.4 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.

7.2 Support in Quality Certification

- 7.2.1 Assistance upto 100% of the cost incurred on obtaining ISO/BIS/BEE certification subject to maximum limit of Rs. 5 Lakhs to micro category unit.
- 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 quality certification within this policy period, shall also be eligible to avail reimbursement under this policy.

7.3 Reimbursements for Patents

- 7.3.1 100% reimbursement to a maximum of Rs. 5 Lakhs to MSME units for domestic patents/IPR registration during the policy period.
- 7.3.2 100% reimbursement to a maximum of Rs. 10 Lakhs to MSME units for International patents/IPR registration during the policy period.

7.4 Financial Assistance for Infrastructure Development

- 7.4.1 50% assistance max Rs. 25 Lakhs to the small and medium new industrial units, established in private or undeveloped Govt. land, for developing infrastructure upto their premises.
- 7.4.2 50% reimbursement max of Rs. 25 Lakhs for the establishment of an effluent treatment plant (ETP) by the industrial unit.
- 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.
- 7.4.4 50% financial assistance max of Rs. 250 Lakhs to the Developers for industrial area/flatted industrial complex in private sector.
- 7.4.5 50% financial assistance max Rs. 50 Lakhs as reimbursement towards the agency doing infrastructure development for strengthening the MSME cluster working in private land.

7.5 Financial Assistance for Energy audit

To promote energy efficiencies in MSME units, 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 give special package to Power looms sector as described in **Annexure - II**.
- 7.6.2 The State Government would give special package to Pharmaceutical sector as described in **Annexure - III**.
- 7.6.3 The State Government would give special package to Apparel sector as described in **Annexure - IV**.

8. Expansion/Diversification/Technical up-gradation

- 8.1 Established micro, small and medium industrial units which undertakes expansion will be eligible for assistance/facilities at par with new

industrial units on their additional eligible investment.

- 8.2 Established micro scale industrial units, which invest additional Rs. 10 Lakhs or more in plant & machinery, shall be eligible for assistance/facilities at par with new industrial units.
- 8.3 Established small scale industrial units, which invest additional Rs. 25 Lakhs or more in plant & machinery, shall be eligible for assistance/facilities at par with new industrial units.
- 8.4 Established medium 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.
- 8.5 If total investment in plant and machinery became more than Rs. 15 crores 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 shed 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 of MSME development.
- 9.3 Department will encourage the 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 Allocation 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 Gol.
- 10.1.3 A dedicated cluster development cell shall be created to properly implement the Cluster Development Scheme of State & Gol. 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 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

11.1 To revive potentially viable sick/closed unit, a package will be made with the help of Bankers/ Financial Institutions.

11.2 The key responsibilities of preparing the revival package will be Bankers/ Financial Institutions

11.3 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.

11.4 The empowered committee will be set up to decide on revival package in favor of sick industrial units, under the chairmanship of Principal Secretary, Department of MSME. The constitution of the Committee will be as follows:

- i. Principal Secretary, MSME Department (Chairman)
- ii. Principal Secretary/ Secretary of the departments from which concessions/ relief are sought by the sick units.
- 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.

- vi. Joint / Deputy Director, MSME Department (Member Secretary)
- 11.5 Banks/ Financial Institutions will prepare revival package in favour of viable sick industrial units, in which concession can be sought from State Govt.
- 11.6 The concession/relief sought under revival package will be placed before empowered committee. The empowered committee will be fully authorized to take decision on the demands/concession sought under revival package with the consent of the concerning department, on merits.

12. Amendment/Relaxation/Cancellation

Regardless of the provisions under the policy, the Madhya Pradesh government, the Micro, Small and Medium Enterprises Department 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 2019".
- ii. **MSME** means, micro, small and medium enterprises define under Micro, Small and Medium Enterprises Development Act, 2006 (amendment from time to time Inclusive).
- iii. **Unit/industrial unit** means, manufacturing unit of MSME category in Madhya Pradesh

- iv. **Investment in plant and machinery** means as per Micro, Small and Medium Enterprises Development Act, 2006 (amendment from time to time Inclusive).
- 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 which commenced commercial production before 01.10.2019 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. **MSME Directorate** 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.

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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
21. All types of aerated/ carbonated drinks
22. Slaughter house and industries based on meat
23. Any industry declared by state government from time to time with reference to MP MSME Development Policy 2019

Special Package to Power looms Sector

(A) Special Package

1. GoMP shall provide 25% of upgradation cost or 100% remaining of Gol'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 for power loom in private sector.

(B) Other Assistance

1. Industrial Development Subsidy as per clause 7.1 of this policy.
2. Support in quality certification as per clause 7.2 of this policy.
3. Reimbursements for Patents as per clause 7.3 of this policy.
4. Financial Assistance for infrastructure development as per clause 7.4 of this policy (excluding sub-clause 7.4.4).
5. Support in energy audit as per clause 7.5 of this policy.

Special Package to Pharmaceutical Sector

(A) Special Package

1. Industrial Development Subsidy
 - 1.1 Industrial development assistance 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.
 - 1.2 The cost of building shall not be more than 200% of the cost of Plant and machinery for the purpose of calculating the assistance.
 - 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
 - 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.
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. 60% financial assistance up to maximum of Rs. 500 Lakh to the Developers for industrial area/flatted industrial complex for pharmaceutical units in private sector

(B) Other Assistance

1. Support in quality certification as per clause 7.2 of this policy (excluding 7.2.3).
2. Reimbursements for Patents as per clause 7.3 of this policy.
3. Financial Assistance for infrastructure development as per clause 7.4 of this policy (excluding sub-clause 7.4.4).
4. Support in energy audit as per clause 7.5 of this policy.

Special Package to Apparel Sector

(A) Special Package

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 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 lakh, for 5 years as a 'Salary grant'.
2. 60% financial assistance up to maximum of Rs. 500 Lakh to the Developers for industrial area/flatted industrial complex for Apparel units in private sector.

(B) Other Assistance

1. Industrial Development Subsidy as per clause 7.1 of this policy.
2. Support in quality certification as per clause 7.2 of this policy.
3. Reimbursements for Patents as per clause 7.3 of this policy.
4. Financial Assistance for infrastructure development as per clause 7.4 of this policy (excluding sub-clause 7.4.4).
5. Support in energy audit as per clause 7.5 of this policy.

Note : This document is English translation of "*MP MSME Vikas Niti 2019*" (Hindi Version)