

**Explanatory Synopsis Report on:
Gujarat Industrial Policy, 2020**

**Revised
Definition of
MSME**

**Incentive to
Large Industries
and Industries
covered**

**Incentives to
MSME
Manufacturing
Sector**

**Incentive to
MSME for
Service Sector**

**Other Benefits
and Declarations**

Revised Definition of MSME

Composite criteria

Investment in plant & Machinery or Equipment and Annual Turnover

Classification	Manufacturing & Services
Micro	Investment < Rs 1 Cr and Turnover < Rs 5 Cr
Small	Investment < Rs 10 Cr and Turnover < Rs 50 Cr
Medium	Investment < Rs 20 Cr and Turnover < Rs 100 Cr

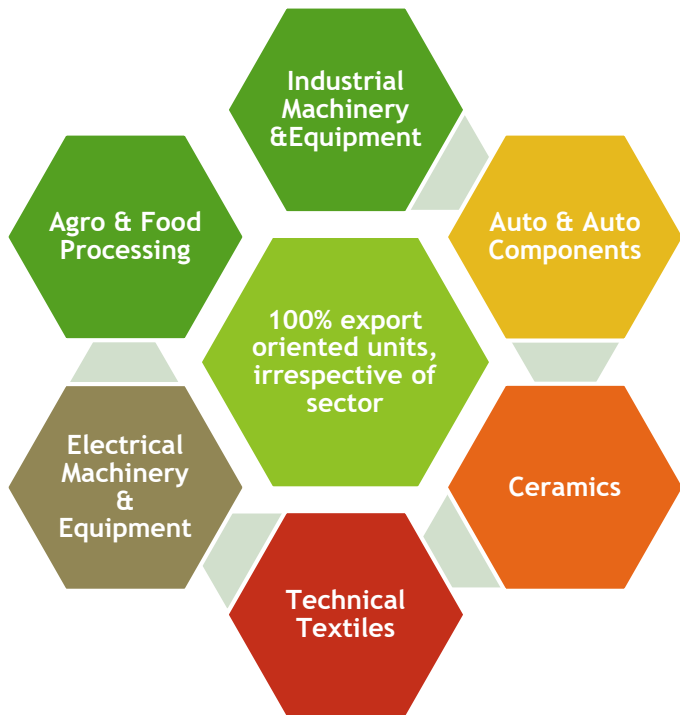
Comment: Government has expanded the eligibility criteria and now many units with higher investment as well as higher turnover also eligible as MSME.

Incentive to Large Industries

Gujarat is the first state to undertake a bold decision to de-link incentives from SGST. UPTO 12% of FCI (Fixed Capital Investment) will be given to large industries for setting up manufacturing operations in the state in the form of capital subsidy.

Taluka Category	General Sectors	Thrust Sectors (15)
Category 1	<ul style="list-style-type: none">• 10% of FCI	<ul style="list-style-type: none">• 12% of FCI
Category 2	<ul style="list-style-type: none">• 8% of FCI	<ul style="list-style-type: none">• 10% of FCI
Category 3	<ul style="list-style-type: none">• 4% of FCI	<ul style="list-style-type: none">• 6% of FCI

INDUSTRIES COVERED



- This benefit will be given over a period of 10 years subject to annual ceiling of INR 40 Crore.
- If the eligible cash subsidy could not be disbursed within period of 10 years due to upper ceiling of Rs 40 cr per annum, for such unit the eligible period of 10 years will be extended upto additional 10 years with the condition that annual ceiling will remain Rs. 40 cr per annum.
- If the eligible cash subsidy is not disbursable within period of 20 years due to upper ceiling of Rs. 40 cr per annum, the total entitlement of cash subsidy will be disbursed in equal installments of 20 years without any upper ceiling.

Comment: Gujarat Government has rightly de-linked the scheme from SGST and now large units will enjoy higher amount of subsidy with more simplicity. Besides this, new industries will continue to get exemption from electricity duty for 5 years.

Incentives to MSME for Manufacturing Sector

1. Capital Subsidy:-

- Unit will be eligible for Capital Subsidy upto 25% of eligible loan amount upto INR 35 lakhs. Additionally, if the eligible fixed capital investment is above INR 10 crores, the unit will be eligible for an additional capital subsidy upto INR 10 lakhs.

2. Interest Subsidy:-

- Unit will be eligible for Interest subsidy upto 7% of interest levied on term loan upto INR 35 lakhs per annum for a period upto 7 years.
- 1% additional interest subsidy to SC/ST Entrepreneur/ physically challenged entrepreneur/ Women entrepreneur/ Start Up in manufacturing sector.
- Besides this, 1% additional interest subsidy to young entrepreneur below age of 35 years on the date of sanction of loan

Incentive to MSME for Service Sector

Interest Subsidy:-

- Unit will be eligible for interest subsidy upto 7% upto INR 35 lakhs per annum for a period upto 7 years to these service sector MSMEs in the state including those engaged in Financial Services, Healthcare Services, Audio Visual services, Construction related engineering services, Environmental services etc.

Comment: Now MSME units will be eligible for higher amount of capital subsidy as well as interest subsidy with longer eligible loan repayment period compared to earlier scheme

Government land to be given on long term lease basis & Development of Industrial Infrastructure:

- In order to further give a thrust to a balanced regional development in the state, the government will facilitate industries in getting “Government Land” on long term lease upto 50 years (further extendible as per prevailing policy) to industrial enterprises @ 6% of the market rate. The industries will be able to mortgage the land.
- Policy will provide incentives to private developers for setting up Private Industrial Parks in the state @25% of fixed Capital Investment upto INR 30 crore. In case of Vanbandhu Talukas, the policy will support setting up of industrial parks @50% of Fixed Capital Investment upto INR 30 crore. This will support industrial infrastructure creation & developing last-mile connectivity. Stamp duty reimbursements will be given to developers (100% of Stamp Duty) and individual units (50% of stamp duty).
- In order to promote clusters, financial assistance of upto 80% of the project cost upto INR 25 crore for set up of Industrial Infrastructure such as construction and upgradation of roads, warehousing facilities, fire stations, underground utilities, etc. will be provided.

Research & Innovation:

- Research and Innovation plays an important role in development of a robust industrial ecosystem. Therefore, we have consciously focused on development of new R&D institutions. The policy will provide support upto INR 5 crore to private companies/institutions for setting up R&D and product development Centres.
- Assistance for Contract/Sponsored research work from any industrial enterprise/industrial association to Recognized R&D institution / technical collages approved by AICTE will be considered at 50% of project cost, excluding cost of land and building, subject to maximum Rs. 50 Lakhs.

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