

Guidelines for Uttarakhand Micro, Small and Medium Enterprises Policy-2023

To encourage the establishment of micro, small and medium enterprises in the state and with the objective of creating maximum employment in this sector, Uttarakhand Micro, Small and Medium Enterprises Policy-2023 has been promulgated by Uttarakhand Government, Micro, Small and Medium Enterprises Section through vide notification number: 1145/VII-3-23/04(01)-MSME/2023, Dated 09 August, 2023. For the implementation of this policy, the Standard Guidelines is being issued as follows-

1. Short Name

MSME Policy Guidelines-2023

2. Duration

Till the implementation period of Uttarakhand Micro, Small and Medium Enterprises Policy-2023.

3. Department authorized to operate

Micro, Small and Medium Enterprises Department, Government of Uttarakhand.

4. Definitions

In addition to the terminology defined in para-4 of the Micro, Small and Medium Enterprises Policy-2023, the terminology used in this guideline is defined as follows-

- i. Policy** means Uttarakhand Micro, Small and Medium Enterprises Policy-2023.
- ii. Guidelines** means this Standard Operating Procedure (SOP) being issued for the implementation of Uttarakhand Micro, Small and Medium Enterprises Policy-2023.
- iii. Unit** means a manufacturing enterprise related to the activity permitted under this policy.
- iv. Ownership of the entity** refers to ownership rights over the enterprise. It can be in the form of Sole Proprietorship/Registered Partnership/LLP/Registered Company/Registered Society or any other legal entity.
- v. Category of unit** means Micro, Small and Medium Enterprises category as defined in the Micro, Small and Medium Enterprises Development Act-2006 (as amended from time to time).
- vi. Category of district/area** means the classification of districts/areas of the state into A, B, C and D categories for financial incentives in the policy.
- vii. Expansion** means increasing the production capacity by a minimum 25 percent, of a manufacturing unit established and operating in the state before August 1, 2023, through an increase of minimum 25 percent in the existing capital investment, in relation to the current product of the unit.
- viii. Diversification** means increasing by at least 25 percent the existing capital investment of manufacturing units established and producing in the

state before August 1, 2023, starting production of new products in the unit, and increasing the production capacity by at least 25 percent.

- ix. Date of Commencement of Commercial Production** means the date of issue of the first sales bill for a self-made product after starting commercial production by setting up plant and machinery for the purpose of setting up a new unit or substantial expansion of an existing unit. In units related to non-conventional energy production, the date of commissioning of the project will be considered as the date of commercial production. It will be mandatory for the unit to submit the commissioning certificate issued by the competent level.
- x. Enterprises in the Prohibited List** means the enterprises mentioned in Annexure-1 (A) to Para-6 (a) of the policy.
- xi. Uttarakhand Enterprises Single Window Facilitation and Clearance Act-2012** means the Single Window Facilitation and Clearance Act-2012 issued by Uttarakhand Government Notification No. 30/XXXVI(3)/2013/62(1)/2012, Dated January 28, 2013 and the related amendments issued from time to time.
- xii. CAF** means the Common Application Form available on the Uttarakhand Single Window Portal for the license/permission granted to the enterprises under the Uttarakhand Enterprises Single Window Facilitation and Clearance Act-2012 (as amended) and the rules issued from time to time accordingly.
- xiii. District Empowered Committee** means the committee constituted under the chairmanship of the District Magistrate as per paragraph 12.4 of the policy.
- xiv. State Empowered Committee** means the authorized committee constituted at the state level under the chairmanship of the Chief Secretary, Uttarakhand Government, under Section 3 (1) of the Uttarakhand Enterprises Single Window Facilitation and Clearance Act-2012 (as amended).
- xv. State Level Empowered Committee** means the committee constituted under the chairmanship of Director General/Commissioner Industries, Uttarakhand as per paragraph 12.3 of the policy.
- xvi. High Level Committee** means the committee constituted under the chairmanship of Principal Secretary/Secretary, MSME, Uttarakhand Government as per paragraph 12.5 of the policy.
- xvii. Electricity Duty** means as defined in the Uttar Pradesh Electricity (Duty) Act, 1952 (Uttarakhand Adaptation and Modification) Order, 2001.
- xviii. Stamp duty** means the stamp duty payable under the Indian Stamp Act, 1899 (as in force in the state of Uttarakhand).
- xix. Goods and Services Tax (GST)** means as defined in the Uttarakhand Goods and Services Tax Act-2017 (as amended from time to time).
- xx. PMEGP** means the “Pradhan Mantri Employment Generation Programme” scheme as issued by the Ministry of Micro, Small and Medium Enterprises, Government of India.
- xxi. PMFME** means the scheme “Pradhan Mantri Formalisation of Micro

Food Processing Enterprises” Scheme as issued by the Ministry of Food Processing Industries, Government of India.

xxii. MSY means “Mukhyamantri Swarojgar Yojna” as issued by Micro, Small and Medium Enterprises Section, Government of Uttarakhand.

xxiii. ZED refers to the Zero Effect Zero Defect certification scheme run by the Ministry of Micro, Small and Medium Enterprises, Government of India for Micro, Small and Medium Enterprises.

xxiv. UREDA stands for Uttarakhand Renewable Energy Development Agency.

xxv. C.F.C. (Common Facility Centre) means the creation of direct assets with various facilities to meet the common needs of the enterprises established in the cluster.

5. District/area classification for financial incentives

For admissibility of financial incentives, the state has been classified into the following 04 areas-

Category	District/Covered Area
A	Entire area of district Pithoragarh, Uttarkashi, Chamoli, Champawat, Rudraprayag and Bageshwar.
B	Entire area of district Almora and Pauri Garhwal.
	The mountainous dominated area of district Tehri Garhwal.
	Nainital district (Bhimtal, Dhari, Betalghat, Ramgarh, Okhalkanda development block) and Dehradun district (Chakrata development block).
C	Plain areas of district Tehri (Dhalwala, Tapovan, Muni ki Reti and plains of Fakot development block attached to it).
	Areas with a height of more than 800 meters above sea level in Raipur, Sahaspur, Vikasnagar, Kalsi and Doiwala development blocks of Dehradun district.
	Areas with a height of more than 800 meters above sea level in Kotabagh development block of Nainital district.
D	Entire area of district Haridwar and Udham Singh Nagar.
	Whole areas of Ramnagar, Haldwani development blocks, Municipal Corporation Haldwani, Nagarpalika Lalkuan, Nagarpalika Ramnagar of Nainital district and areas of Kotabagh development block of Nainital district having a height of 800 meters or less from the sea level.
	Areas of Raipur, Sahaspur, Vikasnagar, Kalsi and Doiwala development blocks of Dehradun district which are 800 meters or less above sea level and areas of Dehradun Municipal Corporation.

6. Permissible activities for financial incentives

According to para-6 of the policy, the activities permitted for financial incentives are as follows-

- a) All other manufacturing enterprises of micro, small and medium enterprises category except those mentioned in the prohibited list.
- b) Energy production in non-conventional ways. Subsidy will also be payable on captive power plants producing non-conventional energy, provided the energy produced from it is being used by the concerned unit itself.

Note: According to paragraph 13.5 of the policy, the Uttarakhand government has the right to amend the list related to 'permissible activities', 'prohibited list', 'priority category enterprises' and 'high-priority category enterprises'. Therefore, the amendments in the said list will be considered applicable as per instructions.

7. **General conditions of eligibility for financial incentives under the policy**

Following are the general conditions for eligibility of an enterprise/unit for financial incentives under the policy, which are mandatory for financial incentives/subsidies/rewards under the policy-

- i. It is mandatory for the unit to be established within the geographical limits of Uttarakhand state. The benefit of financial incentive will be given to the unit as per the category of the unit (Micro/Small/Medium) and the category of the concerned District/Area (A,B,C,D).
- ii. The category of the unit (micro/small/medium) will be determined on the basis of total fixed capital investment in the form of eligible plant and machinery/equipment. The invoice amount including all taxes for the eligible plant and machinery mentioned in these guidelines will be the basis for the fixed capital investment for this purpose. There will be no change in the subsidy liability under this policy on change in category of the unit due to increase in turnover of the unit.
- iii. After establishment of a new unit or substantial expansion of the existing enterprise, commercial production should have been started within the applicable period of the policy from date 01.08.2023.

Explanation: Verification of the date of commercial production can be done by the General Manager of the concerned district, District Industries Center or the competent officer of the Directorate of Industries, Uttarakhand on the basis of the following documents:

- a) First invoice for purchase of major raw materials related to the product of the unit.
- b) Invoice of first sale of goods produced by the unit.
- c) Commissioning certificate issued by a competent authority (non-conventional energy generation unit)
- d) First electricity bill of the unit.
- e) Enterprise Registration Certificate of the unit.

Note: In case there is no similarity in the above documents, it will be mandatory for the unit to provide additional documents on demand.

- iv. The minimum 25 percent increase in production capacity as a result of substantial expansion/diversification by the existing enterprise will be determined on the basis of comparison of the turnover of the first quarter after expansion of the unit and the turnover of the same period in the previous financial year. In other words, it will be mandatory for the turnover of the first quarter of the unit after expansion/diversification to be at least 25 percent more than the turnover of the same period in the previous financial year.

Explanation – The following activities will not be accepted as expansion/diversification:

- Installation of new plant and machinery in an existing unit by replacing the old plant and machinery, which does not result in the prescribed increase in production capacity.
 - Only the workshop building or other internal infrastructure has been expanded, improved or developed in the existing unit, but the required increase in plant and machinery has not been made.
 - Only facilities for product testing, storage or research and development have been developed in the existing unit, but the required increase in plant and machinery has not been made.
- v. The benefit of all the financial incentives available under the policy will be given to the new units as per admissibility.
- vi. Under the policy, only the benefit of 'capital subsidy' will be given to the existing enterprises with sufficient expansion as per the permissible limit, they will not be given any other subsidy under the policy.
- vii. The ownership of the unit can be in the form of Sole Proprietorship/ Registered Partnership/L.L.P./Registered Company/ Registered Society or any other legal entity.
- viii. Public sector/PPP (Public Private Partnership) sector enterprises will not be eligible for financial incentives under this policy.
- ix. The activity of the unit should be related to the identified activity mentioned in paragraph 6 of the policy, i.e. it should not be included in the 'prohibited list'.
- x. Before the establishment of a new enterprise or substantial expansion of the existing enterprise, CAF should be applied at the single window portal under the Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012 (as amended) and the In-principle approval from the State/District Empowered Committee has been obtained on the CAF before the date of start of commercial production. If any unit has not obtained in-principle approval on CAF before the date of commencement of commercial production, then it will not be entitled to the benefit of financial incentive/subsidy under this policy.
- xi. For setting up the enterprise, approval should be obtained from the

- competent level on the workshop building map and layout plan.
- xii. Consent to operate (CTO) the enterprise must have been obtained from Uttarakhand Pollution Control Board.
 - xiii. Consent for operating (CTO) the enterprise must have been obtained from Uttarakhand Fire Department.
 - xiv. All licenses/permissions necessary for running the enterprise have been obtained from the competent level.
 - xv. **Units established using Old/Refurbished machinery and plant or by being displaced from elsewhere will be ineligible for subsidies under the policy.**
 - xvi. The billing address of the unit should be located in the state of Uttarakhand for capital investment as well as operational purposes.
 - xvii. It is mandatory to continuously provide minimum 70 percent permanent employment to the permanent residents of the state in the unit.
 - xviii. In case any case related to the establishment, activities or subsidy claim of the unit is sub-judice, it will be ineligible for all types of subsidies under the policy.
 - xix. Apart from interest subsidy reimbursement, other financial incentive assistance as per the permissible limits will be given to the new manufacturing units of the identified activities established under the PMEGP/PMFME/MSY scheme. Capital/additional capital subsidy will be payable to such units in the form of top-up assistance.
 - xx. All subsidy/reimbursement provided under the policy will be payable to the unit after starting the commercial production, on submission of online claim within the prescribed time on the prescribed portal.
 - xxi. Eligible plant and machinery for unit categorization and capital subsidy/additional capital subsidy -**
 - a) Plant, machinery and equipment directly related to product manufacturing.
 - b) Accessories, moulds, dies, jigs etc. related to product manufacturing.
 - c) Motors associated with plant and machinery.
 - d) Electrical lines, panel boards, switch boards, MCB boxes and other permanent nature electrical equipment installed from the electric meter to the machinery for operation of the plant and machinery.
 - e) Electrical sub-station or transformer, if it is installed only for the concerned unit.
 - f) Non-conventional power plant/captive power plant, if the entire energy produced from it is being used by the unit for its own enterprise operations.
 - g) Testing equipment, Research and Development equipment installed in the unit.
 - h) Water purification plant required for manufacturing work.
 - i) Equipment related to pollution control plants, including collection, treatment and disposal facilities and Effluent treatment plants.
 - j) Diesel generator sets, boilers.
 - k) Expenditure on installation, commissioning of plant and machinery,

applicable taxes like GST, VAT, customs duty etc. and transportation and insurance of plant and machinery.

- l) Handling equipment related to plant and machinery.

xxii. Non-eligible plant and machinery for unit categorization and capital subsidy/additional capital subsidy-

- a) Plant and machinery stored in stores or not directly related to construction work.
- b) Security equipment like CCTV, fire fighting equipment.
- c) Old machine/ Refurbished machine/Relocated machine.
- d) Office use items like computer, laptop, furniture, stationery etc.
- e) Vehicle (irrespective of the purpose for which it is being used).
- f) All electrical lines and equipment from electric meter to transformer.
- g) Batteries, bulbs, tubes, fans, air conditioners, furniture, storage materials, plant and machinery repair tools, spares etc., and all materials of temporary nature.
- h) Raw material, packaging material, fuel, consumable material etc.
- i) Sewage treatment plant (STP).
- j) Measuring instruments.
- k) Any other plant and machinery not mentioned in the eligible plant and machinery.

xxiii. Civil works eligible for capital subsidy/additional capital subsidy -

- a) Workshop building i.e. a building constructed for establishment of plant and machinery.
- b) Building for research and development (R&D), if this workshop is situated in the building premises.
- c) Building for testing facility, if it is located in the workshop building premises.
- d) Storage building and other buildings related to the manufacturing process, if it is located in the workshop building premises.
- e) Fire fighting and power transmission room, if it is located in the workshop building premises.
- f) A concrete or metal water tank made for use in manufacturing.

xxiv. Civil works not eligible for capital subsidy/additional capital subsidy -

- a) Office buildings and other buildings for administrative or management use.
- b) Access roads and internal roads.
- c) Boundary and gates associated with the boundary, guard rooms.
- d) Canteen, Restaurant, Auditorium, Rest House/Guest House.
- e) Housing complex.
- f) Tax, fees related to civil work, expenses for map approval etc.
- g) Any other construction not mentioned in the eligible civil work.

xxv. Ineligible capital investment for categorization of unit and capital

subsidy/additional capital subsidy-

- a) Capital investment in non-eligible plant and machinery.
- b) Capital investment in non-eligible civil works.
- c) Pre-operating expenses of the enterprise.
- d) Capitalized interest amount.
- e) Working Capital/Cash Credit Limit.
- f) Expenses on consultancy fees, design and drawings.
- g) Expenditure on licenses, permissions, royalties etc.
- h) Expenditure on land, land levelling, land development.
- i) Expenditure on intellectual property rights, software, goodwill, intangible assets.

8. Detailed Project Report (DPR)

Quantity The state government will reimburse 75 percent of the expenses incurred by micro category enterprises as fees for preparing Detailed Project Report (DPR).

Eligibility Conditions For the unit to avail this assistance, in addition to the eligibility conditions mentioned in paragraph 7 of the guidelines, it will be mandatory to fulfill the following conditions-

- i. This subsidy is payable only to new micro category manufacturing enterprises established in A, B, C, D category districts/areas.
- ii. This subsidy will be payable only after getting the **DPR prepared by the Empaneled consultant** for this purpose by the Directorate of Industries, Uttarakhand.
- iii. After getting DPR prepared, the prescribed fee for this purpose will be paid to the concerned Empaneled Consultant. Thereafter, it will be mandatory to submit claim for DPR assistance reimbursement **within 06 months from the date of start of commercial production.**

9. Stamp Duty Reimbursement

Quantity	Category of District/Area	Percentage of Stamp Duty Reimbursement
	Category -A	100 Percentage
	Category -B	100 Percentage
	Category -C	75 Percentage
	Category -D	50 Percentage

Eligibility Conditions In order for the unit to receive this reimbursement, in addition to the eligibility conditions mentioned in para-7 of these guidelines, it will be mandatory to fulfill the following conditions-

- i. This subsidy is payable on establishment of new micro, small and medium enterprises in A, B, C and D category districts/areas.
- ii. **This subsidy is payable as reimbursement of the stamp duty chargeable on the entrepreneur for taking the Land on lease/purchase/acquired in**

the form of transfer, but stamp duty reimbursement will not be payable if the Building is taken on lease/purchase/acquired as transfer.


- iii. Stamp duty reimbursement will not be payable on acquiring an already established unit, whether operational or closed, by way of lease/purchase/transfer.
- iv. Reimbursement will be as per admissibility on the stamp duty chargeable on all the land related to the project of the unit. This includes the land used for the unit's workshop building, storage house, research and development building, office building, mandatory minimum green area (as per SIDA standards), internal road and other facilities mandatory for the project, but land located at a place other than the original site of the project will not be included in it.
- v. It will be mandatory for the unit to submit its claim for stamp duty reimbursement within 6 months of start of commercial production.

10. Capital Subsidy

Quantity	Category of District/ Area	Fixed capital investment in plant and machinery/equipment			
		Upto Rs. 01 Cr.	More than Rs. 01 Cr., upto Rs. 05 Cr.	More than Rs. 05 Cr., upto Rs.10 Cr.	More than Rs 10 Cr., upto Rs. 50 Cr.
		Micro	Small		Medium
Category-A	50% of fixed capital investment (Maximum Rs.50 lakh)	Rs. 50 lakh + 25% of additional fixed capital investment above Rs. 01 crore (maximum Rs. 1.50 crore)	Rs. 1.50 Cr. + 20% of additional fixed capital investment above Rs. 5 crore (maximum Rs. 2.50 crore)	Rs. 2.50 Cr. + 3.75 % of additional fixed capital investment above Rs. 10 crore (maximum Rs. 4 crore)	
Category-B	40% of fixed capital investment (Maximum Rs.40 lakh)	Rs. 40 lakh + 20% of additional fixed capital investment above Rs. 1 crore (maximum Rs. 1.20 crore)	Rs. 1.20 Cr. + 16% of additional fixed capital investment above Rs. 5 crore (maximum Rs. 2 crore)	Rs. 2 Cr. + 2.50% of additional fixed capital investment above Rs. 10 crore (maximum Rs. 3 crore)	
Category-C	30% of fixed capital investment (Maximum Rs.30 lakh)	Rs. 30 Lakh + 12.5 % of additional fixed capital investment above Rs. 1 crore (maximum Rs. 80 Lakh)	Rs. 80 Lakh + 8% of additional fixed capital investment above Rs. 5 crore (maximum Rs. 1.20 crore)	Rs. 1.20 Cr. + 2% of additional fixed capital investment above Rs. 10 crore (maximum Rs. 2 crore)	


Category-D	20% of fixed capital investment (Maximum Rs.20 lakh)	Rs. 20 Lakh + 10% of additional fixed capital investment above Rs. 1 crore (maximum Rs. 60 Lakh)	Rs. 60 Lakh + 6% of additional fixed capital investment above Rs. 5 crore (maximum Rs. 90 Lakh)	Rs. 90 Lakh + 1.50% of additional fixed capital investment above Rs. 10 crore (maximum Rs. 1.50 Cr.)
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Additional Capital Subsidy

Form of Enterprise	Additional Capital Subsidy Quantity/Limit			
	Percentage of fixed capital investment in plant and machinery	Unit Category /Maximum Limit (Rs.)		
		Micro Enterprises	Small Enterprises	Medium Enterprises
Most-priority category  Enterprises (category A & B districts/areas)	10 Percentage	10 Lakh	15 Lakh	20 Lakh
Most-priority category Enterprises (category C & D districts/areas)	5 Percentage	5 Lakh	10 Lakh	15 Lakh
Priority category Enterprises	5 Percentage	5 Lakh	10 Lakh	15 Lakh
Anchor & Ancilliary Unit	5 Percentage	5 Lakh	10 Lakh	15 Lakh
Scheduled Caste/ Tribe/ Women/ Disabled persons owned units	5 Percentage	5 Lakh	10 Lakh	15 Lakh

Eligibility Conditions

In addition to the eligibility conditions mentioned in para-7 of these guidelines, it will be mandatory for the unit to comply with the following conditions-

- i. **The benefit of capital subsidy is available to new or existing micro, small and medium scale enterprises undergoing substantial expansion.** 
- ii. The benefit of additional capital subsidy assistance is available to the following specific categories of new micro, small and medium enterprises-
 - (a) Most-priority category enterprises.

- (b) Priority category Enterprises.
 - (c) Anchor and Ancilliary Enterprises.
 - (d) Scheduled Caste/Tribe/Women/Disabled persons owned enterprises.
- iii. To avail the benefit of additional capital subsidy under the special category, it will be mandatory for the concerned units to follow the eligibility conditions for the special category. An entity availing the benefit of additional capital subsidy under a special category will not be allowed to change the category for 5 years.
 - iv. It will be mandatory for the unit receiving benefit under most-priority/priority category to manufacture only the product identified in the respective category. If the unit of this category also manufactures other products other than the product of the related category (except manufacturing of self-use material by the unit like packaging material, raw material processing etc.), then the benefit of this special category will not be payable to them.
 - v. If a unit produces a product marked in the priority category along with a product marked in the most-priority category, then it will be given the benefit of the priority category only.
 - vi. Scheduled Caste/Tribe/Women/Disabled persons owned enterprises should either be wholly owned units of the respective category or in case of partnership or incorporated company, the minimum share capital of the partners/directors of this category should be 51 percent or more.
 - vii. To calculate the capital subsidy assistance/additional capital subsidy assistance, the total fixed capital investment in eligible building and plant and machinery will be taken into account.
 - viii. Under the policy, out of the additional capital subsidy payable to specific category of enterprises, only one specific category of benefit will be given to any unit as per eligibility.
 - ix. It will be mandatory to submit capital subsidy assistance/additional capital subsidy claim on the prescribed online portal within **one year** from the date of start of commercial production.
 - x. **Top-up assistance** - Those enterprises which are eligible for margin money assistance under PMEGP/PMFME/MSY scheme and are also included in the identified activities of Uttarakhand Micro, Small and Medium Enterprises Policy-2023, will be provided top-up capital assistance/additional capital assistance as per the admissibility. The total amount of margin money (grant) allowed under the respective scheme in relation to the term loan approved/disbursed for workshop building, plant and machinery/equipment items in the project approved by the bank, deducted from the calculated capital subsidy/additional capital subsidy assistance as per the eligibility in Uttarakhand Micro, Small and Medium Enterprises Policy-2023 and after deducting the amount of margin money (grant), the remaining amount (subsidy) will be payable to the unit as top-up assistance.

- xi.** For calculation of capital subsidy/additional capital subsidy, only that expenditure incurred on “eligible plant and machinery” and “eligible civil works” mentioned in these guidelines will be taken into account, for which the GST registered seller has issued the invoice and it must be paid by the unit through the bank. Invoices issued by unregistered sellers or invoices for cash payment will not be taken into account in computing the fixed capital investment for this purpose. The construction cost of eligible civil work will be evaluated on the basis of construction rates determined by the Public Works Department or the actual cost, whichever is lower.
- Note-** In calculating the Capital subsidy /Additional Capital subsidy, the bank appraisal report issued by the financing bank /financial institution in relation to the project, CA. Certificate, certificate issued by Chartered Civil Engineer and invoice related to ‘eligible plant and machinery’ and ‘eligible civil work’ will be taken into consideration. If the amount of fixed capital investment is found to be different in the above documents, the subsidy amount will be calculated on the basis of that minimum fixed capital investment for which invoice issued by the registered seller and proof of bank payment is available.
- xii.** For calculation of capital subsidy/additional capital subsidy, eligible fixed capital investment from the date of submission of CAF on Single Window Portal till the date of commencement of commercial production of the unit will be taken into account.

11. Interest Subsidy Reimbursement

Quantity

Category of District/Area	Interest Rate Subsidy Reimbursement Amount/Limit		
	Micro	Small	Medium
A	4 % (Maximum Rs. 5 Lakh, Per year, per Unit)	3 % (Maximum Rs. 6 Lakh, Per year, per Unit)	2 % (Maximum Rs. 7 Lakh, Per year, per Unit)
B	4 % (Maximum Rs. 4 Lakh, Per year, per Unit)	3 % (Maximum Rs. 5 Lakh, Per year, per Unit)	2 % (Maximum Rs. 6 Lakh, Per year, per Unit)
C	4 % (Maximum Rs. 3 Lakh, Per year, per Unit)	3 % (Maximum Rs. 4 Lakh, Per year, per Unit)	2 % (Maximum Rs. 5 Lakh, Per year, per Unit)
D	4 % (Maximum Rs. 2 Lakh, Per year, per Unit)	3 % (Maximum Rs. 3 Lakh, Per year, per Unit)	2 % (Maximum Rs. 4 Lakh, Per year, per Unit)

Eligibility Conditions

In order for the unit to receive interest subsidy reimbursement, in addition to the eligibility conditions mentioned in para-7 of these guidelines, it will be mandatory to fulfill the following conditions-

- i. Interest subsidy can be provided to the new micro, small and medium

manufacturing enterprises of identified category on **Term loan taken from scheduled** commercial banks, financial institutions, state government cooperative banks, regional rural banks or a financial institution recognized by the Government of India/State Government for financing their permanent capital investment in workshop building and plant and machinery/equipment.

- ii. This reimbursement will not be payable on term loan taken from the bank for expenditure on land or land development.
- iii. Interest subsidy reimbursement will not be payable on working capital and cash credit limit.
- iv. Interest subsidy reimbursement will not be payable under this policy to units availing term loan at subsidized interest rate from any other scheme.
- v. Under this policy, the unit availing the benefit of interest subvention reimbursement can transfer the term loan to any other bank with the prior permission of the Directorate of Industries, Uttarakhand, Dehradun, but in this case, the benefit of interest subvention reimbursement will be payable only in relation to the residual loan at the time of transfer.
- vi. To calculate the interest subsidy reimbursement, the interest rate applied by the bank for the relevant period will be taken into consideration.
- vii. No reimbursement will be payable on the penal interest or any other charges imposed on the unit by the bank in relation to the term loan.
- viii. Interest rate subvention reimbursement will be payable for a maximum of 3 years from the date of first installment disbursement of the term loan.
- ix. After commencement of commercial production, the unit will claim interest subsidy reimbursement on an annual basis.
- x. After commencement of commercial production, it will be mandatory for the unit to submit interest subsidy reimbursement claim on the portal designated for this purpose in the first quarter of the next financial year. It will be mandatory to submit the interest subvention reimbursement claim for the upcoming financial years on the prescribed portal in the first quarter of the upcoming financial year after the end of the respective financial year.
- xi. It will be mandatory to submit the interest subvention reimbursement claim between the date of disbursement of term loan and the date of commencement of commercial production of the unit, along with the first interest subvention reimbursement claim after the unit comes into commercial production.

12. Exemption on Electricity Duty

Quantity New micro, small and medium enterprises of the identified category, whose sanctioned electricity load is upto 500 kW, will be given exemption in

electricity duty for 5 years.

**Eligibility
Conditions**

For the unit to get this exemption, in addition to the eligibility conditions mentioned in paragraph 7 of these guidelines, it will be mandatory to fulfill the following conditions-

- i. This exemption in electricity duty will be payable to the concerned units as reimbursement from the date of commencement of commercial production.
- ii. This reimbursement is payable to such new micro, small and medium manufacturing enterprises of the identified activity whose total sanctioned electrical load does not exceed 500 kW.
- iii. This reimbursement will be payable for 5 years from the date of commencement of commercial production of the unit.
- iv. This reimbursement will be payable after payment of the electricity bill by the unit for the relevant period.
- v. After the commencement of commercial production, the unit will claim for this reimbursement on an annual basis.
- vi. It will be mandatory to claim reimbursement of expenditure incurred by the unit in the form of electricity duty in a financial year on the prescribed portal in the first quarter of the following financial year.

13. Quality Certification Incentive Assistance Reimbursement

Quantity

The new micro, small and medium enterprises of the identified category on obtaining **National/International Quality Certificate**, will get reimbursement of 75 percent of the actual expenditure incurred by the unit, maximum Rs 1 lakh per unit.

**Eligibility
Conditions**

For the unit to get this exemption, in addition to the eligibility conditions mentioned in paragraph 7 of these guidelines, it will be mandatory to fulfill the following conditions-

- i. This reimbursement is payable to new micro, small and medium manufacturing enterprises related to the identified activity.
- ii. This reimbursement will be done in relation to the actual expenditure incurred on obtaining quality certificate/registration from national/international recognized institutions like ISO/ISI/BIS/Patent/Quality Marking/Trademark/ Copyright/ FSSAI/Pollution Control/ZED-Zero Effect Zero Defect etc.
- iii. This reimbursement will be payable if the claim is submitted by the unit within a **maximum period of 6 months** after obtaining the relevant quality certificate.
- iv. For reimbursement, application fee, audit fee, annual fee, license fee, training fee, technical consultancy fee, value of equipment and plant related to certification and expenditure on its installation (if capital investment has not been taken by the unit for this) will be included in the calculation.

- v. For quality certification, travel expenses, hotel expenses, communication expenses and those expenses which are not directly related to obtaining quality certification will not be taken into account.
- vi. Under this component, a maximum of Rs 1 lakh can be reimbursed to the concerned unit during the scheme period.

14. Mandy Fee Reimbursement

Quantity	Category of District/Area	Quantity of Mandi Fee Reimbursement
	Category-A	50 percent (Maximum Rs. 5 lakh, Per Year, Per Unit)
	Category-B	50 percent (Maximum Rs. 3 lakh, Per Year, Per Unit)

Eligibility Conditions

In order for the unit to receive this reimbursement, in addition to the eligibility conditions mentioned in paragraph 7 of these guidelines, it will be mandatory to fulfill the following conditions-

- i. This reimbursement is payable to new micro, small and medium manufacturing enterprises established in Category-A and B districts/areas. This reimbursement will not be payable to units established in category C and D districts/areas.
- ii. This reimbursement is payable in relation to the *Mandi* fee paid by agriculture and horticulture based food processing and fruit and vegetable processing enterprises for purchasing raw materials from *Mandi* located within the geographical limits of the state.
- iii. This reimbursement will be payable for a maximum of 5 years from the date of commencement of commercial production of the unit.
- iv. This reimbursement will be claimed by the unit on an annual basis.
- v. It will be mandatory to claim reimbursement of expenses incurred by the unit in the form of *mandi* fee in a financial year on the prescribed portal in the **first quarter** of the following financial year.

15. ZED Awards to Certified Enterprises

Nature

The micro, small and medium enterprises that have received Gold/Silver/Bronze category certificate under the ZED Certification Scheme run by the Ministry of Micro, Small and Medium Enterprises, Government of India will be rewarded with Memento, Excellence certificate and the following amount as prize money-

ZED certificate category	Prize Money
Gold Category	Rs. 75000 Per Unit
Silver Category	Rs. 50000 Per Unit
Bronze Category	Rs. 25000 Per Unit

Eligibility

For a unit to receive this award, in addition to the eligibility conditions

Conditions mentioned in paragraph 7 of these guidelines, it will be mandatory to fulfill the following conditions-

- i. This award is given to new enterprises of micro, small and medium category.
- ii. It is mandatory for the unit to obtain certificate in Gold/Silver/Bronze category under ZED Scheme.
- iii. This award can be received by any unit only under one category during the scheme period.
- iv. After obtaining the certificate, it will be mandatory for the units receiving the respective certificate to submit online claim on the prescribed portal in the **first half** of the next financial year.

16. Application Process and Mandatory Document

Application Process- The process of applying for financial incentives under this policy will be as follows-

- i. To avail financial incentives under the policy, it will be mandatory for the unit to obtain in-principle approval by applying on CAF available on the Single Window Portal.
- ii. While setting up units by the eligible enterprises which have received in-principle approval on CAF, after commencement of commercial production, the application will have to be submitted by selecting Uttarakhand MSME Policy-2023 in the Incentive Tab of the Single Window Portal within the prescribed time period.
- iii. The said application form will be in two parts. The first part of the application form will be mandatory for all types of financial incentives/rewards and it will need to be filled completely once by the unit along with all the documents initially while applying for subsidy claim. The second part of the application form will be separate for each financial incentive and can be filled by the unit for each claim from time to time along with related documents as per eligibility.
- iv. Claims for the first and other subsequent installments of capital subsidy /additional capital subsidy will be submitted by the unit on the prescribed portal along with related documents on an annual basis.
- v. Claim for DPR assistance reimbursement, Stamp duty reimbursement and Award for ZED certified enterprises can be submitted only once.
- vi. It will be mandatory to submit claims for Interest subvention reimbursement, Electricity duty exemption and *Mandi* fee reimbursement on the prescribed portal on an annual basis in the first quarter of the coming financial year.
- vii. It will be mandatory to submit the claim for Quality certification incentive assistance reimbursement on the prescribed portal within 06 months after getting the related certification.

Mandatory Documents- For all types of financial incentives/rewards provided

under the policy, it will be mandatory to upload self-attested copies of the following documents on the portal -

- i. Detailed Project Report (DPR).
- ii. Documents related to land and land ownership (e.g. Khasra, Khatauni, Land Registry Form, Lease Deed, Land Use Change Certificate, Land Purchase Permission etc.).
- iii. Workshop building map approved by the competent authority.
- iv. Electricity connection approval letter/meter sealing certificate.
- v. GST registration certificate.
- vi. Consent letter issued by the Pollution Control Board for operating the enterprise.
- vii. No Objection Certificate issued by the Fire Department for operating the enterprise.
- viii. Documents related to ownership of the unit (registration certificate of Society/Company/LLP/Partnership firm/Trust etc., self-signed Bio-data in case of Proprietor).
- ix. Aadhaar Card and PAN Card of the applicant Proprietor/Director/Partner/President/Authorized Signatory.
- x. Affidavit to this effect that all the facts and documents presented by the unit are correct, all the necessary clearances/permissions have been obtained by the unit for operating the enterprise, all the plants and machinery installed in the unit are new (In the situation of an enterprise with substantial expansion, the plants and machinery used for the expansion) and minimum 70 percent permanent employment is being provided to the permanent residents of the state in the unit.
- xi. Letter of Allotment (LOA) issued by the competent level in relation to the energy production unit through non-conventional method.
- xii. Power Purchase Agreement (PPA) in respect of non-conventional energy generation unit.
- xiii. Commissioning certificate issued by in the favor of the unit. (Non-conventional energy generation unit).
- xiv. Copy of the inspection report issued by the competent authority of UREDA in relation to the non-conventional energy generation unit.
- xv. Self-certified copy of all invoices and related payment certificates (Bank Statements) related to fixed capital investment in plant and machinery and civil works.
- xvi. Photocopy of bank passbook or canceled check for details of term loan account and other bank accounts of the unit.
- xvii. Udyam Registration Certificate.
- xviii. Photograph of the enterprise and Google Map link.

S.No.	Financial Incentives	Mandatory Document
1.	Detailed Project Report (DPR)	i. Self-certified copy of the invoice issued for DPR preparation by the empaneled consultant firm/ institution/individual by

	Assistance	<p>the Directorate of Industries, Uttarakhand.</p> <p>ii. Self-certified copy of bank statement related to the payment made to the empaneled consultant firm/institution/individual as fees in relation to the preparation of DPR.</p>
2.	Stamp Duty Reimbursement	<p>i. Self-attested copy of the Public Data Entry Form.</p> <p>ii. Self-signed copy of stamp duty calculation.</p>
3.	Capital Subsidy	<p>i. Copy of the bank appraisal report issued by the financing bank/financial institution in relation to the project. In relation to self-financed units, a copy of the appraisal report issued by the bank/financial institution in which the unit has an account or the institution/person/authority empaneled by the Directorate of Industries, Uttarakhand.</p> <p>ii. Item-wise and value-wise details of plant and machinery/equipment certified by a Chartered Accountant, in which it is clearly mentioned that all the bills and vouchers related to their purchase have been checked and all the details being recorded are correct as per the rules.</p> <p>iii. Certificate issued by a Chartered Civil Engineer in favor of the unit, giving details of the permanent capital investment in the civil works eligible for capital subsidy/additional capital subsidy in the unit and certifying that the estimation of the permanent capital investment for the civil work has been done only the rate issued by the Public Works Department or the actual expenditure, whichever is less.</p> <p>iv. Copy of GST returns of the units related to expansion/diversification for the first quarter after expansion and for the same period of the previous year.</p> <p>Note- P.M.E.G.P./P.M.F.M.E./M.S.Y. Units which are eligible for Top-up assistance under this policy are not required to have certificate issued by Chartered Accountant and Chartered</p>

		Civil Engineer.
4.	Additional Capital Subsidy	<ul style="list-style-type: none"> i. In respect of Priority/Most-Priority category units, an affidavit by the unit owner to the effect that only Priority/Most-priority category products are being produced by him in the unit. ii. Self-certified list of products being manufactured by Priority /Most-Priority category units. iii. Copies of Udyam Registration and CAF, certified by the owners of concerned unit of all the Ancillary units by the related Anchor unit. iv. A copy of the Udyam Registration and CAF certified by the owner of the Anchor unit of the Ancillary units. v. Copy of caste certificate issued by the competent level of the unit owner/share holder/partner of the relevant category in the Scheduled Caste/Tribe owned enterprise. vi. Copy of disability certificate issued by the competent authority of the unit owner/share holder/partner of the relevant category by the disabled owned enterprise. vii. In case of a Company/Partnership firm/LLP owned enterprise, a list of shareholders issued by a Chartered Accountant and a certificate to the effect that the share capital of this category (Scheduled Caste/ Tribe/ Women/Disabled) is minimum 51 percent.
5.	Reimbursement of second and other ensuing installments of Capital/Additional Capital Subsidy	<ul style="list-style-type: none"> i. Self-attested copy of electricity bill for last 06 months. ii. Self-attested copy of the annual GST return of the previous financial year.
6.	Interest Subsidy Reimbursement	<ul style="list-style-type: none"> i. Self-attested copy of the letter issued by the bank regarding term loan sanction/disbursement. ii. Self-attested copy of the bank statement relating to interest credited against the term loan.

7.	Exemption on Electricity Duty	<ul style="list-style-type: none"> i. Self-attested copy of the electricity bill issued by the Electricity Department in favor of the unit. ii. Self-attested copy of the document/receipt related to electricity bill payment.
8.	Quality Certification Incentive Assistance Reimbursement	<ul style="list-style-type: none"> i. Self-attested copy of the certificate issued by the competent authority regarding quality certification. ii. Self-attested copy of the invoice relating to the expenditure incurred for obtaining the certification letter. iii. Self-attested copy of the bank statement related to payment of the said invoice.
9.	Mandy Fee Reimbursement	<ul style="list-style-type: none"> i. Self-attested copy of the <i>mandi</i> fee receipt/document issued by the unit in relation to the purchase of raw materials from the market located within the state. ii. Self-attested copy of the document/stock register related to the arrival/receipt of raw material purchased from the <i>mandi</i> in the unit. iii. An affidavit to the effect that the purchased raw material has been fully utilized by the unit itself for manufacturing of the product.
10.	Award to ZED Certified MSME.	<ul style="list-style-type: none"> i. Copy of Gold/Silver/Bronze Certificate issued under ZED Scheme. ii. Affidavit by the unit owner to the effect that the certificate presented by him has been issued in favor of the unit at the competent level and no fact has been hidden or misrepresented by the unit.

17. Approval Process of Financial Incentive Assistance

- i. Under the policy, scrutiny of online applications received on the prescribed portal for various financial incentives/awards will be done by the General Manager, District Industries Center of the concerned district.
- ii. It will be mandatory for the concerned General Manager, District Industries Center to return the incomplete or incorrect application form to the unit along with his/her queries/comments within 03 working days from the date of its receipt.
- iii. All deficiencies/queries/comments in incomplete or incorrect application forms will be noted in one go only by the General Manager. If the

- applicant again forwards the application to the District Industries Center without resolving all the queries/comments/deficiencies, then the General Manager will forward it along with his comments/reports to the Directorate of Industries, Uttarakhand for decision.
- iv. The complete and correct application form will be forwarded to the Directorate of Industries, Uttarakhand along with its recommendations/comments and inspection report by the concerned General Manager, District Industries Center within 07 working days from the date of its receipt.
 - v. If the application is not forwarded by the concerned General Manager, District Industries Center within the prescribed 07 working days, then the concerned application will automatically be forwarded to the Directorate of Industries, Uttarakhand. Process of disposal of the spontaneously forwarded application at the Directorate of Industries, Uttarakhand level will be done within the stipulated time assuming that the General Manager District Industries Center has physically inspected the Unit and the related documents. In this situation, the concerned General Manager, District Industries Center will be held responsible for any deficiency.
 - vi. Before forwarding every claim of a unit to the Directorate of Industries level, the General Manager District Industries Center or their representative will conduct physical inspection and forward his inspection report regarding the installation of plant and machinery in the unit and the functioning of the unit within the stipulated time through the portal.
 - vii. It will be mandatory to complete the scrutiny of the applications received at the Directorate of Industries, Uttarakhand level within 15 working days from the date of receipt of the application.
 - viii. After scrutiny, if any deficiency is found in the application form, query by the Directorate of industries could be called from the concerned General Manager, District Industries Center/unit owner.
 - ix. After scrutiny, the complete and correct application forms will be presented by the Director Industries, Directorate of Industries, Uttarakhand before the “State Level Empowered Committee” constituted for approval and award of financial incentive assistance under the policy, within 30 working days from the date of receipt of the application in the Directorate of Industries, Uttarakhand.
 - x. The State level Empowered Committee will dispose of the applications as per the rule provided in the policy and guidelines.
 - xi. If there is a need for guidance or inter-departmental coordination from a higher level in any matter, it can be referred by the Director General and Commissioner of Industries, Directorate of Industries, Uttarakhand/Chairman, State Level Empowerd Committee to the High level committee constituted under the chairmanship of the Principal Secretary/Secretary, MSME, Uttarakhand Government.

The details of the committees constituted under the policy are as follows-

I. District Empowered Committee -

1.	District Magistrate	Chairman
2.	Chief Development officer	Member
3.	Chief/Senior Treasury officer	Member
4.	Lead Bank Manager	Member
5.	General Manager, District Industries Center	Convener Member
<p>Note- District level officers of other departments can be invited by the District Magistrate to the committee meeting as per requirement.</p> <p>Work and Responsibilities - This committee will be able to take decisions on the applications received for financial incentive assistance under this policy under the Delegated Power, if the Uttarakhand Government decides to delegate the power. This committee will be responsible for the progress, review and necessary departmental coordination of the scheme at the district level.</p>		

II. State Level Empowered Committee-

1.	Director General/ Commissioner Industries, Uttarakhand	Chairman
2.	Head of Department or Nominated officer, who should be of the level of Additional Head of Department of State Tax Department/ Energy/UREDA/Labour/Forest and Environment/ Information Technology/ AYUSH/ Agriculture/ Horticulture/Public Works Department.	Member
3.	Finance Controller, Directorate of Industries, Uttarakhand.	Member
4.	Convenor Member of State Level Bankers Committee.	Member
5.	Director Industries, Directorate of Industries, Uttarakhand.	Member Secretary
<p>Note- As per requirement, other expert departments can also be invited to the committee meeting by the Commissioner and Director General Industries.</p> <p>Work and Responsibilities - This committee will be responsible for the approval of financial incentive assistance and award selection under the policy.</p>		

III. High Level Committee -

1.	Principal Secretary/Secretary, MSME	Chairman
2.	Secretary/Additional Secretary, Finance/ Energy/ UREDA/ Labour/ Forest and	Member

	Environment/ Information Technology/ Ayush/ Agriculture/ Horticulture/ Public Works Department	
3.	Director General/Commissioner Industries	Convener Member
<p>Note- As per requirement, other expert departments can also be invited to the committee meeting by the Principal Secretary/Secretary MSME.</p> <p>Work and Responsibilities – This committee will be responsible for reviewing the progress of the policy and inter-departmental coordination. This committee will be able to issue decisions/directions on matters referred by the Commissioner and Director General of Industries. The appeal of a Unit dissatisfied with the decision of the State Level Empowered Committee can be disposed of by this committee.</p>		

19. Distribution of Financial Incentive Assistance

- i. Under the policy, distribution of various subsidies/financial incentives will be done in the account of the unit by the Directorate of Industries, Uttarakhand, based on the availability of budget, after approval from the competent level.
- ii. The Capital subsidy/Additional capital subsidy and Interest subsidy reimbursement of the bank financed unit will be distributed in the respective Term loan account. If due to technical reasons it is not possible to deposit it in the concerned account, then the unit should receive it in its other bank account and adjust it in the term loan account within 7 days compulsorily, adjustment document will be submitted to the Directorate of Industries, Uttarakhand.
- iii. The bank financed units can avail other financial incentives under the policy, except Capital subsidy/Additional capital subsidy and Interest subvention reimbursement, in any bank account of the Unit.
- iv. In case of a self-financed units, all financial incentives/subsidies sanctioned under the policy can be availed in any bank account of the Unit.
- v. Disbursement of financial incentives/subsidies other than Capital subsidy/Additional capital subsidy can be done in one installment after approval from the competent level, as per the availability of the budget.
- vi. After approval from the competent level, the Capital subsidy/Additional capital subsidy can be disbursed in the following installments as per the availability of the budget-

Type of Subsidy	Micro Enterprise	Small Enterprise	Medium Enterprise
Capital Subsidy / Additional Capital Subsidy	02 equal installments, (after the date of commencement of commercial production,	05 equal installments, (after the date of commencement of commercial production, in	

	in the next 02 years.)	the next 05 years.)
Other financial incentives under the policy	Lump sum	Lump sum

20. Appeal

- i. The party dissatisfied with the decision of the District Empowered Committee constituted under this policy can file an appeal before the State Level Empowered Committee and the party dissatisfied with the decision of the State Level Empowered Committee can file appeal before the High level committee constituted under the chairmanship of Principal Secretary/Secretary, Micro, Small and Medium Enterprises, Government of Uttarakhand.
- ii. If the decision of recovery from the concerned unit is taken by the State level empowered committee constituted under this policy, then party unsatisfied with this decision can appeal before the High Level Committee under the chairmanship of Principal Secretary/Secretary, Micro, Small and Medium Enterprises, Uttarakhand Government, whose decision will be final.
- iii. This appeal can be made by the unsatisfied party within 30 days from the date of issue of the decision of the concerned committee. Any appeal made after 30 days will not be considered.

Appeal Process

- i. Any party dissatisfied with the decision of the District Empowered Committee/State Level Empowered Committee can appeal through the Incentive Tab available on the Single Window Portal.
- ii. It will be mandatory for the applicant to upload the following documents along with the online application-
 - a) Copy of the decision letter/order issued by the committee.
 - b) The aggrieved party own favor on Rs 10 stamp paper.
 - c) Document related to party own favor.

Appeal Disposal

- i. After scrutiny at the Directorate of Industries, Uttarakhand level, the application of the Appellant dissatisfied with the District Empowered Committee will be presented by the Director of Industries, Directorate of Industries, Uttarakhand before the State Level Empowered Committee, for decision.
- ii. The application of the Appellant who is dissatisfied with the State Level Empowered Committee, after scrutiny at the Directorate of Industries, Uttarakhand level, will be presented by the Director General/Commissioner of Industries, Uttarakhand before the High Level Committee, for decision.
- iii. The appeal received at the Directorate of Industries level will be presented before the concerned committee (State Level Empowered Committee/High Level Committee, as applicable) for decision within 45

days from the date of its receipt.

21. Cluster Development Scheme

Target During the implementation period of Uttarakhand Micro, Small and Medium Enterprises Policy-2023, a target has been set to develop 50 clusters of Micro, Small and Medium industries in the state.

Objective The main objective of the Cluster Development Scheme is to develop common facility centers and other necessary infrastructure facilities to encourage healthy competition and sustainable development in micro, small and medium enterprises.

Financial Incentives Projects up to a maximum of Rs 10 crore will be eligible for financial incentives under the Cluster Development Scheme. Under the scheme, a maximum grant of Rs 5 crore per project will be given by the state government at the rate of 70 percent to the eligible projects.

Eligibility The conditions of eligibility under the scheme will be as follows-

- i. It is mandatory to have a minimum of 10 units related to a similar product/complementary product/service, located in a continuous geographical area, linked to a value chain under a M.S.M.E. cluster.
- ii. The proposed project will be necessary to be located within the boundary/area of the M.S.M.E. cluster.
- iii. Under the scheme, cluster projects can be established by registered industry associations, farmer producer groups (FPOs), societies, companies, LLPs, partnership firms, self-help groups etc.
- iv. It will be mandatory for the concerned institution/committee/group to form a Special Purpose Vehicle (SPV) for setting up a cluster project and get it registered as a Section 8 company as per the rules. This registered S.P.V. will be fully responsible for the establishment and operation of the cluster.
- v. It will be mandatory for the proposed project to be financially and commercially feasible and useful for a minimum of 10 units located in the cluster.
- vi. Land should be available for the proposed project and it should be free from any dispute.
- vii. Preference will be given to projects related to clusters of micro, small and medium enterprises of Priority category and Most-Priority category mentioned under the policy.
- viii. If the building is taken on lease for a cluster project related to C.F.C., then it will be mandatory to have a minimum lease period of 15 years and if land is taken on lease, then it will be mandatory for the lease period to be minimum 30 years.
- ix. For cluster project related to Infrastructure, it will be mandatory that land to be owned by SPV or taken on lease for a minimum period of 30 years.
- x. After approval from the competent level on the cluster project, it will be

- mandatory for it to become operational within a maximum of 02 years.
- xi. After completion of the cluster project, it will be mandatory to obtain completion certificate from SIDA and claim for financial incentive/government assistance under the Cluster Development Scheme.
 - xii. It will be mandatory for the cluster project subsidized under the Cluster Development Scheme to remain functional /useful for a minimum of 10 years. If the project is found non-functional /unusable within 10 years, the financial incentive/government assistance received under the Cluster Development Scheme can be recovered along with 18 percent interest.
 - xiii. It will be mandatory to provide minimum 70 percent permanent employment to the residents of the State, in CFC established under Cluster Development Scheme.
 - xiv. Permanent capital investment in the form of plant and machinery, land and land development will be considered eligible for financial incentives on cluster projects.
 - xv. In case of purchasing land, the total investment will be calculated for subsidy on the basis of circle rate of the land, but this amount can be a maximum of 20 percent of the total fixed capital investment eligible for subsidy in the project.
 - xvi. In case the land is on lease, the premium payable will be taken as permanent capital investment, but lease rent will not be taken into account. The amount spent as premium can be a maximum of 20 percent of the total fixed capital investment eligible for the subsidy.
 - xvii. Expenditure on land development will be taken into account for subsidy, but this amount can be a maximum of 10 percent of the total fixed capital investment eligible for subsidy.
 - xviii. Under this, for fixed capital investment on plant and machinery and land development only the invoices issued by the registered seller under GST and the payments made through the bank in respect of the same will be taken into consideration for calculating financial incentives.
 - xix. Financial incentives/subsidies can be claimed only after the project is implemented.
 - xx. The sanctioned subsidy for the cluster project will be distributed in 2 equal annual installments.

Eligible Project

Under the Cluster Development Scheme, the following two types of projects will be eligible for financial incentives-

- i. Development of Common Facility Center (CFC)-** Under this, the following projects will be permissible-
 - a) Common production/processing/semi-processing centre.
 - b) Design/Incubation Centre.
 - c) Testing/Quality Certification/Quality Enhancement Centre.
 - d) Research and Development Centre.
 - e) Skills Training Centre.
 - f) Plug and play facility.

- g) Common Raw material Collection and Marketing Centre.
- h) Common Packaging Centre.
- i) Industry 4.0 and other new digital technology training centres.
- j) Common Product Marketing Centre.
- k) Tool room.
- l) Common Waste Management Centre.
- m) Other common facilities, which are useful in smooth operation and quality production of micro, small and medium enterprises.

ii. Development of Infrastructure- Under this the following projects will be permissible-

- a) Common Effluent Treatment Plant (CETP).
- b) Common Water Pump House.
- c) Water conservation facility (water harvesting).
- d) Common power substation.
- e) Common road/ boundary wall/drainage.
- f) Other infrastructure projects which are mandatory for the units established in the cluster.

Inprinciple Approval

Before establishment of cluster project like other capital investment proposals, it will be mandatory to obtain in-principle approval through the Single Window Portal.

Application/ Approval for Cluster Project Eligibility

- i. After receiving in-principle approval for setting up the cluster project, S.P.V. will apply online for Eligibility Certificate under MSME Policy-2023/Cluster Development in the Incentive Tab of the Single Window Portal, along with the following documents-
 - a) Detailed Project Report (DPR).
 - b) S.P.V. registration certificate.
 - c) CA certified list of shareholders with percentage of shares.
 - d) Documents related to land and land ownership.
 - e) List of minimum 10 enterprises working in the cluster (Enterprise Name/ Address/ Udyam Registration Number/ Product/ Turnover/ Mobile Number).
 - f) Name/Address/Aadhaar/PAN of the authorized signatory.
- ii. Scrutiny of the application form will be done at the level of directorate of Industries.
- iii. After scrutiny, it will be presented by Director General/Commissioner Industries, to the High level committee, constituted under the chairmanship of Principal Secretary/Secretary, MSME, for decision on eligibility.
- iv. After being declared eligible by the High level committee, an eligibility certificate will be issued by the Director General/Commissioner of Industries.
- v. After issuance of eligibility certificate, SPV may take necessary action for the establishment of the cluster project.

Application/ approval for

- i. After the establishment of the cluster project, once it becomes operational, application for subsidy/financial incentive can be made using Incentive

**subsidy on
cluster project**

Tab in the Single Window Portal, along with the following documents-

- a) Invoices and payment certificates related to expenditure on fixed capital investment.
 - b) Copy of loan sanction letter issued in respect of Units financed by the bank.
 - c) Copy of capital investment certificate certified by Chartered Accountant.
 - d) A certificate by the Chartered Civil Engineer regarding the expenditure incurred on the construction, certifying that the expenditure has been calculated on the basis of actual expenditure or the expenditure based on the rate issued by the Public Works Department, whichever is less.
 - e) Copy of completion certificate issued by SIDA.
- ii. The process of approval on the application received for subsidy for cluster project will be as per the approval on other financial incentives under the policy.

22. Other Conditions

- i. **Subsidy adjustment under the same component** - If any policy/scheme is issued by the Government of India for the enterprises to be established in the state then the financial incentive/subsidy permissible in that policy will be adjusted with the similar financial incentive/subsidy component given in the Uttarakhand Micro, Small and Medium Enterprises Policy-2023.
- ii. **Benefit of financial incentives/subsidies from one source** - In the State various policies like Mega Industrial and Investment Policy, Startup Policy, One District Two Product Policy, Tourism Policy, Information Technology Policy, Aroma Park Policy, Biotechnology Policy etc. are effective. Under the above policies as well as other policies issued by the State Government or the Central Government, the benefit of financial incentives in the same item/component will be allowed from only one source, so that the same type of benefit cannot be repeated.
- iii. **Change in unit ownership** - In case of change in ownership/management of the unit, it will be necessary to obtain prior permission from the Directorate of Industries, Uttarakhand, so that in case of change in the ownership/management of the unit, the existing unit continues to get the benefits of the incentives for the remaining permissible period. There will be no increase in the quantity/limit and eligibility period of financial incentive payable to the unit on the basis of change in ownership/management. In case of change in the ownership/management of the unit without prior permission from the Directorate of Industries, Uttarakhand, the remaining financial incentive payable to the unit may be withheld.
- iv. **Change of ownership in enterprises owned by specific social category**- In case of change in shareholding/ownership of the unit within a period of 5 years from the start of commercial production for

enterprises owned by Scheduled Caste/Scheduled Tribe/Women/Disabled, the new shareholder /owner should be of the same category. If the new shareholder/owner is not from the same category, the entire amount of incentive given to such units will be recovered with interest at the rate of 18 percent per annum from the date of receipt of the incentive.

- v. **Change of location by the unit** - Under the policy, a unit receiving benefits can change its location to an area of the same category in the same district after obtaining prior permission from the Directorate of Industries, Uttarakhand, but no change of location to another district or an area of another category in the same district can be made. If the unit does not obtain permission from the Directorate of Industries, Uttarakhand before shifting its location or changes its location to another district/other category area, then the remaining subsidy/financial incentives permissible under the policy will not be payable to it.
- vi. **Division or Reorganization of an existing enterprise** – Split or reorganization of any pre-existing enterprise or transfer of plant and machinery previously used for any other purpose to a new unit or unit shifted from elsewhere will not be eligible to receive financial incentives under the policy.
- vii. **Settlement of delayed claims** - Under this policy, financial incentive/subsidy claims received late can be settled by making the following deduction in the permissible subsidy -

S.No	Delay Period	Permissible Subsidy deduction
1.	1 to 15 days	@ 0.50 percent per day
2.	More than 15 days to 1 Month	Total 8 percent
3.	1 month (30 days) to 6 months	@ 8 percent per month
4.	More than 6 months to 1 year (365 days)	Total 50 percent
Note-		
a) Claims received late by more than one year will not be considered under any circumstances.		
b) The subsidy as per above will be deducted from the subsidy admissible on late claims, but it will not affect the liability of future subsidy claims received on time.		

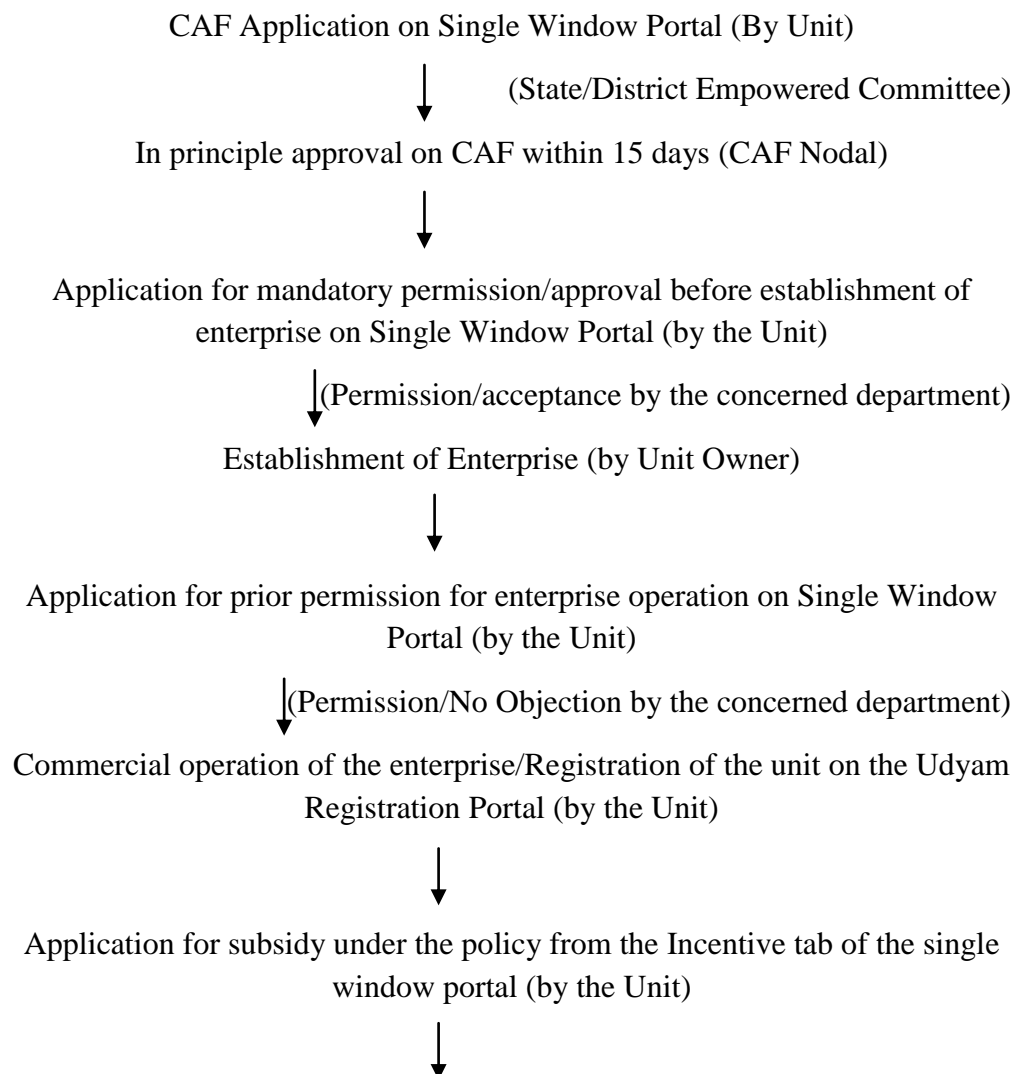
- viii. **Minimum operating period of the benefitted unit-** Under the policy, it will be mandatory for the unit receiving benefits to remain working for a minimum of 5 years. If the unit remains closed for a maximum of 6 months due to natural disaster, it will not be considered as closed. If the benefitted unit is found closed for more than 06 months within 5 years from the date of commencement of commercial production due to any reason other than natural calamity, then all the financial incentives provided under the policy can be recovered from the unit along with 18

percent interest as per land revenue. Taking cognizance of disaster or other unavoidable circumstances, the decision of recovery can be taken by the State Empowered Committee constituted under this policy.

- ix. **Clarification/change/amendment in the guidelines** - In case of ambiguity on any point in these guidelines, the right to issue clarification will vest in the Director General/Commissioner of Industries, Uttarakhand. The right to amend or change these guidelines will vest with the Uttarakhand government.
- x. **Application Form Format/Portal Development** - Under the policy, the Director General/Commissioner of Industries, Uttarakhand will be authorized to determine the format of application for financial incentives/subsidies, portal development and other related works.
- xi. **Cluster Project** - Financial incentives for the cluster project will be given as per the procedure and eligibility conditions provided for the cluster development plan in these guidelines. Units receiving financial incentives in the form of cluster projects will not be eligible for other financial incentives/subsidies provided under the policy.

23. Work Flow Diagram

Financial incentives/subsidy acceptance and distribution



Forwarding of the application to the Directorate of Industries (General Manager, District Industries Center) within 07 days.



Scrutiny of the application by the Directorate of Industries within 15 days.



Presentation by the Director of Industries before the State Level Committee within 30 days.

↓(Disposal of application by state level committee)

Direct disbursement of approved subsidy into the account of the unit by the Directorate of Industries.

Appeal Process

Appeal through Incentive Tab of Single Window Portal (within 30 days)



Scrutiny of appeal related application at Directorate of Industries level.



Presentation before State Level Empowered Committee/High Level Committee (within 45 days)



Uploading the decision on the Single Window Portal/Action as per the decision from the competent level.