



**ABSTRACT**



Micro, Small and Medium Enterprises – Announcement made by Hon'ble Minister (Rural Industries) on the floor of the Assembly - Sanction of Additional Capital Subsidy to Micro units in lieu of net Value Added Tax (VAT) Reimbursement Subsidy - Orders issued.

**Micro, Small and Medium Enterprises (D2) Department**

G.O.(Ms) No.65

Dated : 17.10.2020

திருவள்ளூர் ஆண்டு 2051

சார்வரி வருடம், ஐப்பசி - 1

Read:

1. G.O. (Ms) No.14, Micro, Small and Medium Enterprises (B) Department, dated 07.05.2008.
2. From the Industries Commissioner and Director of Industries and Commerce has requested the Government in letter dated 12.05.2020 and 26.09.2020

**Order**

The Hon'ble Minister for Rural Industries has made the following announcement during the motion of Demand No. 44 for 2020-2021.

“சரக்கு மற்றும் சேவைவரி அமல்படுத்தப்பட்டதின் காரணமாக, ஏற்கனவே, நடைமுறையில் இருந்த, மதிப்புக் கூட்டு வரி மானியத்திற்கு (Vat Reimbursement subsidy) ஈடாக, மாநிலத்தின் அனைத்து பகுதியிலும் நிறுவப்படும், புதிய குறுந்தொழில் நிறுவனங்களுக்கு இயந்திர தளவாடங்களின் மதிப்பில் ஏற்கனவே நடைமுறையில் உள்ள 25 விழுக்காடு மூலதன மானியத்துடன் கூடுதலாக 10 விழுக்காடு மூலதன மானியம் (ஆண்டொன்றிற்கு 2 சதவீதம் 5 ஆண்டுகளுக்கு) அதிகபட்சமாக நிறுவனம் ஒன்றிற்கு ரூ.2.50 இலட்சம் வரை வழங்கப்படும். இத்திட்டத்தை செயல்படுத்த ரூ.13.30 கோடி செலவிடப்படும்”.

2. In G.O. (Ms) No.14, Micro, Small and Medium Enterprises, (B) Department, dated 07.05.2008, the Government have issued orders introducing various incentives and concessions to the Micro, Small and Medium Enterprises in the State based on the Micro, Small and Medium Industries Policy 2008 including reimbursement of Value Added Tax Subsidy to all micro manufacturing enterprises in the State. “All Micro Manufacturing Enterprises are entitled to a 100% subsidy on the net Value Added Tax paid by them for the first six years up to the value of the investments made in eligible Plant and Machinery at the time of filing of the

Entrepreneur Memorandum (Part-II). This incentive is also applicable to all eligible Micro manufacturing Enterprises which have taken up substantial Expansion / Diversification of the existing projects.

3. Based on the announcement made by the Hon'ble Minister (Rural Industries) the Industries Commissioner and Director of Industries and Commerce has therefore suggested the Scheme in lieu of VAT Reimbursement subsidy as follows:-

- (a) At present, as per the MSMI Policy 2008 all new Micro Manufacturing enterprises set up anywhere in the State are eligible to avail Capital Subsidy at the rate of 25% on the value of Plant and Machinery only.
- (b) In lieu of VAT reimbursement subsidy which was given during VAT regime, it is proposed that all new Micro Manufacturing enterprises set up anywhere in the State are made eligible to avail **"Additional Capital Subsidy at the rate of 10% on the value of Plant and Machinery in addition to the existing 25% subject to a maximum of Rs.2.50 Lakhs per unit. This concession will be given @ 2% over a period of 5 years.**
- (c) The above enhanced rate of Capital subsidy will also be eligible to existing Micro Manufacturing enterprises which have taken up substantial expansion / diversification of the existing activity provided they remain in the Micro enterprises category after the expansion / diversification.

4. In view of the above, the Industries Commissioner and Director of Industries and Commerce has requested the Government in letter dated 12.05.2020 and 26.09.2020 to issue following orders:-

- (a) To approve the capital subsidy @ 10% on the value of Plant and Machinery in addition to the existing 25% capital subsidy on the value of eligible Plant and Machinery subject to a maximum of Rs.2.50 Lakh per unit. This concession will be given @ 2% over a period of 5 years for micro manufacturing units in addition to the existing 25% Capital Subsidy scheme.
- (b) To issue necessary amendments to G.O. (Ms). No.14, Micro, Small and Medium Enterprises (B) Department, dated 07.05.2008 and in the Guidelines to this effect.

5. The Government after careful examination have decided to accept the proposal of the Industries Commissioner and Director of Industries and Commerce and issue the following orders:-

- (a) Sanction the capital subsidy @ 10% on the value of Plant and Machinery in addition to the existing 25% capital subsidy on the value of eligible Plant and Machinery subject to a maximum of Rs.2.50 Lakh per unit. This concession will be given @ 2% over a

period of 5 years for micro manufacturing units in addition to the existing 25% Capital Subsidy scheme.

- (b) Issue necessary amendments to G.O. (Ms). No.14, Micro, Small and Medium Enterprises (B) Department, dated 07.05.2008 and in the Guidelines as follows:-

#### **Amendment-1**

In Government Order (Ms). No.23, Micro, Small and Medium Enterprises (D2) Department, dated 30.07.2018, an amendment was made to G.O. (Ms). No.14, Micro, Small and Medium Enterprises (B) Department, dated 07.05.2008, that the word in para-5 (II) (a) was replaced by "subject to a maximum of Rs.6.25 lakh in place of Rs.3.75 lakh. Hence, In Para- 5 (II) (a), after the existing expression "25% capital subsidy on the value of eligible plant and Machinery, subject to a maximum of Rs.6.25 lakhs", the following expression shall be added:-

**"and 10% on the value of Plant and Machinery in addition to the existing 25% subject to a maximum of Rs.2.50 Lakhs per unit. This concession will be given @ 2% over a period of 5 years".**

#### **Amendment-2**

In the Manual for Administration of the Incentives and Concessions announced in the MSMI Policy, 2008 under Chapter 7 under the heading Backward Area Subsidies after 7.1. Capital Subsidy, a new heading No. 7.1.1. **"Additional Capital Subsidy to Micro Enterprises" shall be inserted**, with the following content:-

##### **1. Eligible Enterprises**

- All new Micro Manufacturing enterprises set up anywhere in the State (including non backward areas and industrial estates located within the radius of 50 Kms from Chennai city centre).
- All existing Micro Manufacturing enterprises which have taken up substantial expansion / diversification of the existing activities.

##### **2. Quantum of subsidy**

- 25% Capital Subsidy on the value of eligible plant and machinery subject to a maximum of Rs. 6.25 lakhs and 10% on the value of plant and machinery in addition to the existing 25% subject to a maximum of Rs. 2.50 lakhs per unit. This concession will be given @ 2% over a period of 5 years.

#### **Amendment-3**

In the Manual for Administration of the Incentives and Concessions announced in the MSMI Policy, 2008, **Chapter 11 - Subsidy on the assessed Value Added Tax (VAT) shall be "deleted"**.

##### **6. Modalities for implementing the Scheme proposed is as follows:-**

- (i) "In lieu of VAT reimbursement subsidy which was given during the VAT regime, all new Micro manufacturing enterprises set up

anywhere in the State will be eligible to avail additional Capital Subsidy at the rate of 10% on the value of Plant and Machinery in addition to the existing 25% subject to a maximum of Rs.2.50 lakhs per unit. This concession will be given @ 2% over a period of 5 years".

- (ii) All New micro manufacturing enterprises and existing enterprises that have taken substantial expansion/diversification, on or after the date of issue of this Government order will be eligible to avail the capital subsidy of 10% in addition to the existing 25% subject to a maximum of Rs.2.50 lakh per unit @ 2% over the period of 5 years.
- (iii) For sanctioning the above enhanced rate of Capital Subsidy, all other conditions laid down in the Guidelines for Administration of Incentives and Concession approved in G.O. (Ms) No.14, Micro, Small and Medium Enterprises (B) Department, dated 07.05.2008, remain the same.
- (iv) For availing the concession separate application to be filed by the enterprises in the existing Capital subsidy application to the General Manager / District Industries Centres concerned / Regional Joint Director, Chennai for the first year and the remaining 4 instalments shall be released by the GMs/RJD, Chennai during subsequent years based on the seniority.

7. This order issues with the concurrence of the Finance Department vide its U.O. No.36335 / Finance (Industries) / 2020, dated 14.10.2020.

**(BY ORDER OF THE GOVERNOR)**

**Dr. K.GOPAL**

**PRINCIPAL SECRETARY TO GOVERNMENT (FAC)**

To

The Industries Commissioner  
and Director of Industries and Commerce,  
Guindy, Chennai – 32.

All District Collectors.

The Accountant General, Chennai-6 /18.

**Copy to:-**

The Special Personal Assistant to Hon'ble Minister (Rural Industries), Chennai-9.

The Senior Private Secretary to Principal Secretary to Government (FAC),

Micro, Small and Medium Enterprises Department, Chennai-9.

The Finance (Ind) Department, Chennai-9.

The Micro, Small and Medium Enterprises (B / OP) Department, Chennai-9.

Stock file / Spare copy.

**// FORWARDED BY ORDER //**

*[Signature]*  
17/10/2020

**SECTION OFFICER**

*[Signature]*  
17/10