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## GOVERNMENT OF KERALA

### Abstract

Industries Department – Annual Plan 2023-24 - Scheme of Assistance for micro to small, small to medium scaling up of MSMEs - Administrative Sanction accorded - Orders issued.

### INDUSTRIES(B)DEPARTMENT

G.O.(Rt)No.439/2023/ID Dated,Thiruvananthapuram, 20-05-2023

Read 1) GO(Rt)No.704/2022/ID dated 15.07.2022

- 2) Letter No.DIC/2021/2022-FC1 dated 02.05.2023 from the Director of Industries and Commerce.
- 3) Minutes of the meeting of the second Departmental Working Group held on 05.05.2023

### ORDER

As per the Order read above, Government accorded Administrative Sanction for an amount of Rs.100 Lakh (Rupees One Hundred Lakh only) for the scheme 'Assistance for Micro to small, small to medium scaling up of MSMEs' for the Year 2022-23.

2) The Director of Industries and Commerce as per letter read above, has submitted a plan proposal of the scheme/project of 'Assistance for Micro to small, small to medium scaling up of MSMEs' for the year 2023-24 and requested to accord administrative sanction for the project pointing out that the guidelines of the scheme approved as per the Order read above for the previous year, are to be amended for the effective implementation of the scheme during the current year.

3) The Departmental Working Group in its second meeting held on 05.05.2023 has considered the proposal and recommended to issue Administrative Sanction for the Scheme "Assistance for micro to small, small to medium scaling up of MSME's" for an amount of Rs.1,00,00,000/- (Rupees One Crore only) under the Head of Account 2851-00-102-07-01-34-3(P) from plan fund limiting the expenditure to this year's budget provision.

4) Government have examined the plan proposal in detail and are pleased to accord Administrative Sanction for the Scheme “ Assistance for micro to small, small to medium scaling up of MSMEs for the year 2023-24 at an amount of Rs.1,00,00,000/- (Rupees One Crore only) under the Head of Account 2851-00-102-07-01-34-3(P) from plan fund limiting the expenditure to the current year's budget provision. The detailed amended guidelines for the scheme as submitted by the Director of Industries and Commerce as per letter read above, and appended to this Order are hereby approved.

5)The Director of Industries and Commerce will draw and disburse the amount in due course ensuring that the Scheme for the year 2023-24 is implemented in time and in strict adherence of the Guidelines appended to this Order.

(By order of the Governor)

SHIBU ISSAC

ADDITIONAL SECRETARY

To:

✓ The Director of Industries and Commerce, Thiruvananthapuram  
The Principal Accountant General (Audit/A&E), Kerala,  
Thiruvananthapuram  
The District Treasury Officer, Thiruvananthapuram.  
Chief Executive Office, K-Bip  
Planning & Economic Affairs Department  
The Finance Department  
Industries (J) Department  
The Information and Public Relation (Web and New Media)  
Department  
Stock File/Office Copy

Forwarded /By order

Signed by

Anil Kumar P

Section Officer

Date: 22-05-2023 14:08:22

**Annexure****ASSISTANCE FOR MICRO TO SMALL, SMALL TO MEDIUM  
SCALING UP OF MSMEs.  
(Guidelines)**

This scheme shall be called "Scheme towards assistance for micro to small, small to medium scaling up of MSME's."

**1.0 Objectives**

This scheme intends to provide extensive support to existing Micro, Small and Medium Enterprises towards its scaling up. Any manufacturing/service enterprise which intends to scale up and which has been selected under the MSME Scale up Mission can avail this assistance.

**2.0 Definition and explanation**

The definitions for the terms mentioned in this guidelines are used only for the purpose of this Scheme and not applicable elsewhere.

**2.1 Enterprise:** Any manufacturing/service unit falling under Micro, Small or Medium category in the MSMED Act 2006 and has filed Udyam Registration.

**2.2 Negative List:** List of activities declared by the Government from time to time, which are not to be encouraged by giving any Government financial assistance.

**2.3 Pucca building:** Buildings used exclusively for industrial purpose; designed to be solid and permanent; built of substantial material such as stone, brick, cement, concrete with RCC roof.

**2.4 Semi pucca building:** Buildings made without substantial material such as stone, brick, cement, concrete and without RCC roof. In some such cases the building roof will be on four pillars without side walls.

**2.5 Recommending Authority:** Assistant District Industries Officer, Taluk Industries Office concerned shall be the recommending authority. The recommending authority shall accept applications, receive due application fees, process the applications and place them before the sanctioning authority.

**2.6 Sanctioning authority:** District Level Committee is the sanctioning authority in case of assistances on fixed capital investment and General Manager, District Industries Centre concerned shall be the sanctioning authority for assistances towards Working Capital and Detailed Project Report.

**2.7 Completion of scaling up:** Period of completion of all activities as mentioned in the preapproved project reports. In no case shall the period of completion of scale up exceed 4 years from the date of approval of the initial project report by the competent authority.

**2.8 MSME Scale up Mission:** The initiative of the Department to identify 1000 MSMEs in manufacturing/service sector and implement the strategies for scaling up so that their turnover is enhanced to Rs. 100 Cr over a period of 4 years.

**2.9 Pre-approval:** Approval given by the District Level Committee on the Detailed Project Report permitting an MSME to undertake scaling up of their unit within a period of 4 years.

**2.10 Scaling up:** Intention of an MSME to upgrade their unit through additional investment to increase their capacity and turn over. After scaling up neither capacity nor turnover shall decrease.

**2.11 Pre-approved Project Report:** Any MSME which intends to scale up their unit and avail assistance under this scheme, has to get the prior approval of their programme by the District Level Committee. A detailed project report towards scaling up has to be submitted before the District Level Committee

### **3.0 Eligibility for applicants**

**3.1** Any manufacturing/service MSME which does not come under the negative list and intends to scale up and which is operational for at least 3 years as on 31st March 2023 shall be eligible for assistance.

**3.2** For the purpose of this scheme an industrial unit eligible for the assistance shall be an independent legal entity.

### **4.0 Entitlement of a successful applicant**

**4.1 Assistance for preparing detailed project report** –The actual fees incurred for the preparation of Detailed Project Reports (DPRs) for the scale up project shall be reimbursed, limited to a maximum of Rs 1 lakh. The consultant who prepares the DPR should be from the empanelled list of the Department to be approved by the Director of Industries & Commerce. This amount shall be released only to projects which are approved for scaling up by the District Level Committee.

**4.2 Fixed Capital Investment Subsidy** - The assistance shall be limited to 40% of the fixed capital investment incurred for scaling up of the unit as envisaged in the Detailed Project Report and approved by the District Level Committee. This assistance can be given to units with or without availing bank loan. The unit may apply multiple times for this assistance during the span of 4 years. The total assistance availed during the span of 4 years shall not exceed Rs. 200 Lakh.

#### **4.2.1 Elements of Fixed Capital Investments**

- a) Land
- b) Land development costs
- c) Building and improvements on existing building
- d) Essential office equipment
- e) Plant and machinery
- f) Electrification
- g) Generators and associated equipment e.g. invertors
- h) Testing and pollution control equipment's
- i) Other investments declared eligible

**4.3 Working capital assistance** -The assistance shall be limited to 50 % of the interest paid towards the working capital loan on reimbursement basis as envisaged in the approved DPR. The assistance shall be given for 4 years from the date of disbursement of the first instalment of additional/new working capital loan within the period of completion of the scale up programme as approved by the District Level Committee. The working capital loan availed from financial institution viz. Nationalized banks, Scheduled Banks, Kerala financial corporation (KFC), Kerala State Industrial Development Corporation (KSIDC), KSFE, RRBs and Kerala Bank shall be eligible for assistance. Working capital loan availed prior to the scale up activity shall not be eligible for this assistance. The assistance shall not be availed for any period during which the account was declared as NPA. The maximum assistance eligible during the entire span of 4 years shall be Rs. 50 Lakh.

**4.4** Enterprises which have availed assistance from any other scheme towards scaling up during this period, shall be eligible only for availing the balance eligible subsidy amount, which is the difference between the total eligible assistance under this scheme and the assistance already availed from other schemes/sources.

#### **5.0 Powers and Services offered by the sanctioning authority**

**5.1** The power to sanction preapprovals and financial assistances under the scheme shall be vested with the sanctioning authority.

**5.2** The applications received in each calendar month directly in paper and electronically will be processed electronically within the same quarter.

**5.3** The recommending authority shall provide facility to receive the application and application fee as mentioned in para 6.0 either directly or electronically and issue receipt for the same.

**5.4** The recommending authority shall request and accept further documents or clarification required from the applicant, associated agencies or stake holders of other departments.

5.5 The decision of sanctioning authority shall be intimated to the party electronically and disburse the eligible assistance via the bank account of the applicant unit on the execution of the requisite agreement.

### 6.0 Fees

Sl No	Purpose	Amount of fees
6.1	Preapproval and assistance for preparing detailed project report.	Rs. 1000/-
6.2	Assistance towards fixed capital investment	0.1% of the investment claimed, subject to a minimum of Rs. 5000/- and maximum of Rs. 20,000/-
6.3	Assistance towards working capital	0.1% of the assistance claimed on working capital, subject to a minimum of Rs. 1000/- and maximum of Rs. 5000/-

6.4 In the event of revision of detailed project report, the unit shall remit additional fee of Rs. 1000/- for the approval of new detailed project report.

6.5 The Director of Industries & Commerce shall be competent to revise the fee from time to time.

6.7 In case a unit intends to avail the assistance in instalments, each claim shall be treated as separate application and the fees as above has to remitted in each case.

7.0 **District Level Committee** shall comprise of the following Members-

District Collector (Chairman)

Lead District Manager

Representative of Finance Department in Government

District Manager, KFC

Representative of KSSIA District Committee

General Manager, District Industries Centre (Member Secretary)

### 8.0 Obligations of the applicant entrepreneurs

The applicant shall

8.1 Apply in the prescribed Proforma, provide necessary documentation and accounts and execute an agreement with the notified authority to avail the assistance.

8.2 Provide all required details and declare such information as to be true

**8.3** Pay the requisite application fee as stated in para 6.0

**8.4** Provide clarifications or further details sought by the recommending/sanctioning authority.

**8.5** Allow inspection or verification of any details mentioned in the application including plant and machinery and all other assets if so required by the recommending/sanctioning authority.

**8.6** Produce originals of any important documents if so required by the recommending/sanctioning authority for verification.

**8.7** Execute requisite legal agreement as and when the proposal is approved for implementation

**8.8** Operate the unit as stipulated in the agreement in which the quantum of support received, failing which the assistance shall be recovered by restoring the provisions of Kerala Revenue Recovery Act.

**8.9** After availing the assistance, shall furnish copies of balance sheets, valid license from local body, clearances/permit/licenses required by the unit, electricity bills, performance particulars in the prescribed proforma etc. every year before the 31st December of the next financial year, once assistance is availed at any stage during the span of period as proof of their functioning to the notified authority. The unit shall continue furnishing the documents for a period of 5 years from the date of disbursement of final assistance.

## **9.0 Elements of Fixed Capital Investment**

**9.1** The elements of Fixed Capital Investment such as land, land development costs, building, essential office equipment, plant and machinery, electrification costs, testing equipment, generator, other energy generating equipment, pollution control equipment and investments on recycling of water, waste and rain harvesting etc. if utilized for industrial purpose shall be admitted for assistance. The Director of Industries & Commerce shall be competent to declare a component as essential to the unit on a case by case basis if differently titled.

**9.2 Land-** Land in the name of the unit, possessed and enjoyed by them evidenced by title deeds and considered essential for scaling up of the unit by the recommending authority shall be admitted for assistance. Land in the name of the proprietor/partner or partners/Director or Directors of the unit shall also be considered for assistance as that of land in the name of unit, provided it is capitalized in the books and accounts of the unit. The stipulation of capitalization in the books and accounts can be relaxed in the case of proprietorship units. The purchase costs (including stamp duty and registration charges) as per the deed or fair value of land whichever is lower shall be taken as the value of land. In the case of enterprises functioning in Development Areas, Development Plots,

Industrial Parks, Industrial Growth Centre, Industrial Estates, MIEs or similar infrastructure facilities under the ownership of Government/Government agencies, the purchase value of land shall be considered. In the case of land on lease for at least 10 years, the lease value of land limited to 20% of the fair value of the land shall be admitted. Fair value is not applicable in case of Government land.

**9.3 Land development costs-** Land development costs such as filling charges and levelling charges shall be eligible for assistance upon certification by a Civil Engineer not below the rank of an Assistant Executive Engineer of Government Department (Industries, PWD, LSGD, Irrigation, etc) or a Chartered Engineer, Institution of Engineers India/Approved Valuer of Institution of Valuers, India. The investment in land development admitted for assistance shall be limited to a maximum of 20% of the value of land admitted or valuation of the Engineer, whichever is lower. Cases in which land is not admitted/eligible for assistance, Land Development Costs are not admissible.

**9.4 Building-** Building essentially required by the unit for scaling up including improvements in the existing structure and situated in free hold land in the name of the unit or in the name of the proprietor, Partner/Partners, Director/Directors of the unit, if it is capitalized in the Books and Accounts of the unit or in land on registered hire purchase or on lease to the unit for at least ten years shall be eligible for assistance subject to a cost ceiling per plinth area to be notified by the Director of Industries & Commerce from time to time. Building on land acquired on lease, where the lease deed for land has been executed/registered after commencement of commercial production after the scale up activity can also be considered for assistance, provided the period of lease of land in which the building under consideration is located is at least for 10 years. The plan, estimate and valuation shall be certified by a Civil Engineer not below the rank of an Assistant Executive Engineer of Government Department (Industries, PWD, LSGD, Irrigation, etc) or a Chartered Engineer, Institution of Engineers India/Approved Valuer of Institution of Valuers, India. Any civil structure not essentially related to production process shall not be eligible for assistance. The investment in building may be considered for assistance under Fixed Capital Investment (FCI) in the cases where land is jointly owned by husband and wife and either the husband or wife starts an industry in this land provided that they give an undertaking that the promoter can use the land for a period of at least 10 years and that the Government can initiate revenue recovery against the land if the unit fails to meet any demands raised by the Government. In case of units financed by KFC/KSIDC/SIDCO/KINFRA or units situated in their parks/Estates etc. the valuation certificates of building (limited to the rate of plinth area admitted by the Director of Industries & Commerce) issued by the concerned financing institution will be admissible. Buildings on lease will not be considered for assistance.



**9.5 Office equipment** -All brand new identifiable items of essential office equipment viz. fax, telephone, overhead projector, computers, office furniture etc. which are found essential as part of scaling up can be considered provided these costs are evidenced by invoices, proof of payments and reflected in the book of accounts of the unit.

**9.6** The investment in Land, Land Development Costs, Building and Essential Office Equipments shall not exceed the other total eligible fixed capital investments admitted.

**9.7 Plant and Machinery** - All brand new identifiable items of plant and machinery including tools, jigs, moulds as well as material handling equipment shall be eligible for assistance. Fabricated machinery shall be supported by a valuation certificate of a Mechanical Engineer not below the rank of an Assistant Executive Engineer of Government Department (Industries, PWD, LSGD, Irrigation, etc) or a Chartered Engineer, Institution of Engineers India/Approved Valuer of Institution of Valuers, India. Plant and machinery on hire purchase from National Small Industries Corporation shall be eligible for assistance on the basis of original value. Generator sets, other energy generating equipment shall also be considered as part of machinery for the purpose of computing the investment for assistance. No commercial or private vehicles, second hand machinery, crates, pallets and consumables, stores and items not directly involved in production process will be eligible for assistance.

**9.8** All testing equipment's will be eligible for assistance if supported by a valuation certificate by a Mechanical Engineer not below the rank of an Assistant Executive Engineer of Government Department (Industries, PWD, LSGD, Irrigation, etc) or a Chartered Engineer, Institution of Engineers India/Approved Valuer of Institution of Valuers, India.

**9.9** All pollution control devices supported by consent letter of Kerala State Pollution Control Board and valuation certificate by a Mechanical Engineer not below the rank of an Assistant Executive Engineer of Government Department (Industries, PWD, LSGD, Irrigation, etc) or a Chartered Engineer, Institution of Engineers India/Approved Valuer of Institution of Valuers, India shall be eligible for assistance.

**9.10** Power connection costs to KSEB (except security/caution deposit), transformer costs and costs of Industrial wiring including that for Generator Set etc. will be eligible for assistance. These costs should be evidenced by invoices, proof of payments, and where industrial wiring costs and electrification exceeds Rs. 1,00,000 (Rupees One Lakh only), a certificate of valuation from an Electrical Engineer not below the rank of an Assistant Executive Engineer, Electrical Inspectorate/Kerala State Electricity Board or Chartered Engineer, Institution of Engineers India/Approved Valuer of Institution of Valuers, India is to be

submitted.

**9.11** All investments on recycling of water, waste and rain harvesting if utilized for industrial purpose shall be admitted for assistance if evidenced by invoices, proof of payment and a valuation certificate by a Civil or Mechanical Engineer not below the rank of an Assistant Executive Engineer of Government Department (Industries, PWD, LSGD, Irrigation, etc) or a Chartered Engineer, Institution of Engineers India/Approved Valuer of Institution of Valuers.

## **10.0 General Provisions**

**10.1** All MSMEs which has been selected under the MSME scale up mission and intending to avail assistance under this scheme shall submit application for pre-approval of their scaling up project in the prescribed format. A certificate of a Chartered Accountant with regard to the projected scale up investments, capacity and turn over shall also be submitted along with the application and detailed project report. The Assistant District Industries Officer who receives the application after due verification and inspection of the unit shall forward the application to the District Level Committee within 30 days of receipt of the complete defect free application. The District Level Committee shall consider the case and dispose the application within a period of another 30 days. If pre-approval is sanctioned, the same shall be issued in the prescribed format both electronically and manually.

**10.2** All applications for assistance under Scaling up of MSME Scheme which has obtained the pre-approval, shall be submitted online by the applicant through the designated website of Industries Department.

**10.3** The Officer while accepting the application form should examine whether all necessary details have been furnished. If any information is found inadequate, the same should be intimated to the applicant unit both electronically and otherwise and grant 10 days' time to rectify the defects.

**10.4** A Committee shall be constituted in all offices of the Recommending Authorities who shall monitor all units which avail assistance under this Scheme to verify whether they satisfy the provisions of these Guidelines.

**10.5** Any dues on any account of the unit to Government/agency of Government shall be adjusted from the amount sanctioned as eligible assistance to any unit before disbursement of the assistance. Industries Department will have powers to relax this condition with the concurrence of Finance Department in exceptional cases for the reasons reported by the Director of Industries & Commerce.

**10.6** The disbursement of the sanctioned assistance to the unit shall be by electronic transfer to the bank account of the unit.

**10.7** All enterprises shall apply for the assistance under fixed capital investment support in instalments within the 4 year period or the entire assistance within one year after the completion of scaling up. The sanctioning authority shall however be competent to condone delays in individual cases on merit. The district level committee is authorized to condone delay up to a period of 2 years on merit. The State level committee is authorized to condone delays for a further period of 1 year on merit. In case the unit intends to avail the assistance in instalments, each claim shall be treated as separate application and the progress of scale up has to be substantiated in each case evidenced by the certification of Chartered Accountant

**10.8** The applicant may avail assistance for working capital subsidy in periods of 6 months or 1 year as instalments within the 4 year period or for the entire period after the completion of 4 years. The applicant may apply for the assistance at any cost within 3 months from date of completion of the period of 4 years. The district level committee is authorized to condone delay up to a period of 3 months on merit. The State level committee is authorized to condone delays for a further period of 3 months on merit. In case the unit applies for working capital assistance along with fixed capital investment, the provisions of delay will be that applicable for fixed capital investment stated in para 10.7.

**10.9** The eligible working capital assistance approved will be reimbursed to the unit through the bank account half yearly or yearly basis, as required in the claim submitted by the applicant.

**10.10** The Assistant District Industries Officer, Taluk Industries Office concerned shall be the recommending authority. The Assistant District Industries Officer shall forward the application to the General Manager District Industries Centre concerned, with due recommendation. The General Manager, District Industries Center concerned shall be the sanctioning authority in case of assistance related to working capital and cost of DPR preparation and the district Level Committee is the sanctioning authority in case of assistance on fixed capital investment. The decision of the sanctioning authority shall be intimated to the party.

**10.11** Eligible assistance at the rates mentioned shall be sanctioned to the unit by the sanctioning authority after deducting the assistance availed, if any. However, the applicant unit shall be given an opportunity of being heard under proper notice, before a decision is taken by the sanctioning authority. All claims shall be disposed of within two months from the date of receipt of completed application.

**10.12** Assistance shall be disbursed by the sanctioning authority through the financing institution which has financed the unit on their executing an agreement in the prescribed format.

**10.13** Enterprises which receive the assistance will be under obligation to remain working continuously for a period of five years from the date of completion of the scaling up. It is necessary that a unit shall be a working one as on date of release of the assistance. Closed down units are not eligible for this assistance.

### **11.0 Appeals**

**11.1** The State Level Committee (SLC) is competent to dispose the appeals, if any, received in the prescribed format against the orders of the sanctioning authority and even competent to reconsider the decision of the District Level Committee. The SLC is also competent to issue clarifications wherever necessary in respect of the Scheme.

**11.2** The Appeals referred in para above shall be filed within 90 days from the date of issue of orders of the sanctioning authority and may be sent to the Member Secretary of the SLC. No appeal after this period will be entertained. The appeal shall be disposed of, as far as possible, within three months from the date of receipt of appeal after giving the appellant an opportunity of being heard, wherever necessary.

**12.0 State Level Committee** shall comprise of the following members-

- Director of Industries and Commerce (Chairman)
- Representative of Finance Department in Government
- Director (MSME-DI)
- Convenor of State Level Bankers Committee
- Representative of KSSIA State Committee
- Additional Director of Industries and Commerce-General (Member Secretary)

### **13.0 Expenses**

**13.1** An amount of 2% of the budget allocation under the scheme shall be earmarked and made available for disposal with the Director of Industries & Commerce for allotting to the District towards administrative expenses and advertisement and publicity costs. The expenses can be met for the purpose of canvassing applicants, hiring of vehicles, associated telephone charges, printing and publishing publicity materials, light refreshments for investor meets and committee sittings. The Director of Industries & Commerce will determine the limits under which such expenses are to be footed.

**13.2** The fees being collected by the recommending authorities as application fees from the applicant unit may also be utilized for both administrative expenses and advertisement costs.

### **14.0 Recoveries and Penalties**

**14.1** Any assistance viz. assistance to an enterprise is liable to be refunded by the unit with interest at the rate of 14% per annum from the date of receipt of the same, on issue of registered demand notice to the unit by the

Recommending/Sanctioning authority on grounds of obtaining assistance by misrepresentation, forgery or deception or not found working continuously for five years from its commercial production. All amounts due to Government under this provision shall, in case of default, be recoverable as if they are arrears of land revenue under the provisions of the Kerala Revenue Recovery Act, 1968 or in such other manner as Government may deem fit. Sufficient opportunity to show cause in writing shall however be granted to the units before a demand is raised against it.

**14.2** If an authorized officer of the Recommending/Sanctioning authority is found to have delayed processing of application or disbursing of claim on approved cases deliberately, the Director of Industries & Commerce shall be competent to levy and recover a fine of Rs. 500.00 (Five hundred) per day for each day of such delay determined subject to a maximum of Rs. 10,000.00 (Ten thousand) from the salary of the delinquent and award it as cost to the applicant unit. An opportunity of hearing shall be given to the officer concerned before such damages are realized. This shall not count as disciplinary action under Kerala Civil Services (Classification, Control & Appeal) Rules, 1960 etc.

#### **15.0 Negative list**

Sectors included in the Negative List as per GO (Ms) No. 156/2012/ID dated 28/12/2012 and the amendments made thereafter. The units falling under this category are not eligible for this assistance.

**16.0** The Director of Industries and Commerce shall have the full authority to prepare the application forms, form of agreement and any other formats required for the proper implementation of the scheme and to issue clarifications, sub rules, check list, if any required.