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GOVERNMENT OF KERALA

Abstract

Industries Department- Special package scheme for MSMEs -
Financial assistance for start-ups in the manufacturing sector -
Administrative sanction accorded- Orders issued

INDUSTRIES(B)DEPARTMENT

G.O.(Rt)No.737/2022/ID Dated, Thiruvananthapuram, 21-07-2022

Read 1 Letter No.DIC/2025/2022-FC1 dated 30.05.2022 of the
Director of Industries and Commerce

2 Minutes of the meeting of the Departmental Working Group
held on 28.06.2022

ORDER

All enterprises which propose to manufacture an innovative and novel product shall be considered as a start-up. In order to encourage and promote novel business ideas into realization in the manufacturing sector and to help start-ups to attract investment, Government have formulated a scheme namely Financial Assistance to Start-ups in the Manufacturing Sector

2) Accordingly as per letter read above, the Director of Industries and Commerce submitted a proposal seeking administrative sanction for implementation of the scheme of Financial Assistance to Start-ups in the Manufacturing Sector for an amount of Rs.100 Lakhs (Rupees One Hundred Lakhs only). Subsequently, the Departmental Working Group in its meeting held on 28.06.2022 considered the proposal and recommended as per paper read as 2nd above, to issue administrative sanction for an amount of Rs.100 Lakhs for implementing this scheme.

3) In the above circumstances, Government have examined the proposal in detail and are pleased to accord administrative sanction for the implementation of the scheme of "Financial Assistance to Start-ups in the Manufacturing Sector" for an amount of Rs.100 Lakhs (Rupees One Hundred Lakhs only) by meeting the expenditure from the

DD (FC)
22/7
2022

Head of Account 2851-00-102-07(06) from the current year's budget allocation and approved the guidelines prepared by the Director of Industries and Commerce for this scheme, which is appended to this order.

The Director of Industries and Commerce will draw and disburse the amount in due course.

(By order of the Governor)
SUMAN BILLA
PRINCIPAL SECRETARY

To:

~~The~~ Director of Industries and Commerce, Thiruvananthapuram

The Principal Accountant General(Audit/A&E), Kerala,
Thiruvananthapuram

The District Treasury Officer, Thiruvananthapuram

The Finance Department

The Planning & Economic Affairs 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
Date: 21-07-2022 17:11:33
Section Officer

ANNEXURE

Scheme for Financial Assistance to Start Ups in Manufacturing sector

Introduction:

Start-ups struggle to attract investment because of unfamiliarity of the idea or the product that put forward. Start-ups need considerable amount of fund to develop an idea or product. Therefore, it is important to provide adequate financial incentives to the investors with start-up ideas. At present most of the start-ups are either IT based products or IT related and lesser entrepreneurs are coming with ideas in manufacturing sector now a day. In this scenario, the Scheme for Financial Assistance to Start Ups in Manufacturing sector would address the gap in getting financial assistance to the start-ups in manufacturing sector.

Objective:

1. To encourage and promote novel business ideas in manufacturing sector.
2. To facilitate the upcoming start-ups in getting adequate financial assistance in their early stage of establishment

Definition and Explanation:

Start Up: All Enterprises which propose to manufacture an Innovative and Novel Product shall be considered as a Start UP. Innovation or Novelty of the proposed product shall be assessed and approved by a District Level Project Appraisal Committee.

District Level Project Appraisal Committee: A committee with General Manager, District Industries Centre as Chairman and Manager (Credit) as Convenor. A representative from Kerala Financial Corporation, an officer from Kerala Start Up Mission, Lead District Manager, an empanelled consultant in MSME Clinic nominated by General Manager, DIC, a Manager from district SME branch as special invitee, shall be the members.

Eligibility:

All Micro, Small and Medium Enterprises engaged in manufacturing activities, which intend to manufacture novel, innovative products shall be eligible for this assistance. The applicant has to (a) apply in the prescribed Proforma, (b) provide necessary documentation and accounts and (c) execute an agreement with the

notified authority to avail the assistance. The Projects/Idea approved by the District Level Project Appraisal Committee only will be considered for the purpose for financial assistance. IT/ IT related products are excluded from this scheme.

Entitlement:

75 % of the eligible project cost shall be given as subsidy limited to 10 lakh per unit. The cost incurred towards the activities starting from the development of idea up to the development of prototype shall be considered for the calculation of eligible project cost. The eligible Project cost shall include Market Study, Incubation Facility Fee, Lab Utilization Fee, Dye/Mould making charges, Electricity Charges, IPR cost, Company registration charges etc. The District Level Project Appraisal Committee shall be competent to assess each component envisaged in the proposed project report and also to include or exclude any components if found eligible.

The assistance under the Scheme shall be released to the eligible entrepreneur in 3 stages with the approval of District Level Project Appraisal Committee for each release.

1st Stage : 30% of total eligible grant will be disbursed as an initial support for the development of idea.

2nd Stage: On completion of the development of Prototype, 50% of the total eligible grant will be released.

3rd Stage: Balance 20% of total Eligible grant will be disbursed after the commencement of commercial production.

Procedure for Implementation:

Application for the Financial Assistance to Start Ups in Manufacturing sector along with listed documents shall be submitted to the General Manager of the District Industries Centre concerned.

Every application shall be processed and examined by the General Manager of the District Industries Centre concerned. The deficiencies, if any, would be communicated to the applicant within a period of 15 days and the applicant would be given a time period of two weeks to rectify the deficiencies pointed out.

In case the deficiencies are not rectified within the prescribed period, the claim shall be rejected by the General Manager, under intimation to the applicant.

On verification of the application and supporting documents, the General Manager will place the application with recommendation before the District Level Project Appraisal Committee for approval.

Based on the approval of the committee, the General Manager shall disburse the eligible subsidy in stages as mentioned above to the bank account of the beneficiary. An agreement in the prescribed format shall be got executed on stamp paper worth Rs. 200/- by the beneficiary before the payment effected in favour of him/her.

Sanctioning Authority:

The District Level Project Appraisal Committee has sole responsibility to approve the project and sanction funds to the applicant.

Obligation of the Applicant:

1. The applicant shall provide all required details and declare such information as to be true.
2. The applicant shall provide clarifications or further details if sought by the sanctioning authority or the General Manager of the District Industries centre concerned.
3. The applicant shall allow inspection or verification of any details mentioned in the application if so required by the sanctioning authority.
4. The applicant shall produce originals of any important documents if so required by the sanctioning authority for verification.
5. The assistance shall be disbursed by sanctioning authority through the bank account of the beneficiary, on executing an agreement by the beneficiary with the sanctioning authority, in the prescribed format.
6. The development of final Product shall be completed within a period of one year from the date of approval of project by the District Level Project Appraisal Committee. However, the District Level Project Appraisal Committee shall have the authority to give a further extension of one year for the completion of final product on individual cases on merit.
7. The applicant shall submit the progress and the action taken reports on a quarterly basis before the General Manager Concerned.

General Provisions

1. The assistance under the scheme shall be released to the eligible entrepreneur only through the financial institution concerned.
2. All applications for assistance under the scheme shall be submitted by the applicant and produce the originals along with details before the General Manager concerned.
3. In case a similar assistance is extended by Government of India & Government of Kerala or Local Self Government Institutions to the MSMEs,

then under this scheme only the balance eligible benefit will be provided to the applicant unit.

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

Appeals:

Appeals shall be filed before the Director of Industries & Commerce within 30 days from the date of issue of orders of the General Manager, District Industries Centres concerned based on the decisions of the District Level Project Appraisal Committee. No appeal after this period shall be entertained. The appeal shall be disposed of as early as possible within one month from the date of receipt of appeal after giving the appellant an opportunity of being heard whenever necessary.

Recoveries and Penalties:

The assistance under this scheme is liable to be refunded by the applicant with interest at the rate of 14% per annum from the date of receipt of the same, on issue of a registered demand notice to the unit by the Sanctioning Authority on any of the grounds of obtaining assistance by misrepresentation, forgery or deception. 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.