

In pursuance of the provision of the Clause (3) of article 348 of the constitution of India, the Governor is pleased to publish the following english translation of Notification No. 1145/ VII-3-23/04(01)-MSME/2023 dated 09 August, 2023 for general information.

Government of Uttarakhand
Micro, Small & Medium Enterprises Section
No: VII-3-23/04(01)-MSME/2023
Dehradun, Dated: 06 September, 2023

Notification

The Governor is pleased to allow to promulgation of the Uttarakhand Micro, Small and Medium Enterprises Policy, 2023, for employment creation and self-employment in line with the present scenario and projected future in view of inclusive development of MSME sector, developing favourable ecosystem.

- Preamble** 1. Micro, small and medium enterprises have a significant contribution in the state's economy. After the agriculture sector, maximum employment is provided by the micro, small and medium enterprises sector. The state government is determined to promote capital investment and create employment opportunities in the state. Financial incentives have been provided through various policy arrangements to encourage the establishment of large industries including MSMEs, but due to the problems of infrastructure, credit linkage, marketing in the MSME sector, especially in the industrially backward hill districts progress has not been made up to the mark. Therefore, for healthy competition from other neighboring states, it is necessary to give financial incentives by further promoting this sector. Uttarakhand Micro, Small and Medium Enterprises Policy-2023 is being declared by the state government in order to promote the inclusive development of the MSME sector in a focused manner and in view of developing a favorable ecosystem, according to the present scenario and projected future.
- Objective** 2.
 - To position Uttarakhand globally as a leading destination for Micro, Small and Medium Enterprises, especially startups, products based on local raw materials, renewable and green energy and pollution free industries, which are safe, sustainable and inclusive and have high quality manufacturing potential along with additional employment opportunities availability.
 - To provide access to capital for the establishment of new micro, small and medium enterprises, so that by attracting maximum investment in the state, there can be a healthy competition with other states.
 - To encourage expansion, scaling-up and diversification of existing MSMEs.
 - Maximum employment generation in New as well as Existing units.
 - Efforts to reduce regional disparities and disparities between different sections of the society on the parameters of entrepreneurship, employment and per capita income.
 - Maximum benefit of financial incentives to promote the establishment of Micro and Small enterprises in the state.
 - Creation of a sensitive administrative system equipped with excellent modern technology for upgradation of already established units and solving the problems of entrepreneurs.

3. To realize the objectives of the policy, the state government will prepare an action plan according to the following strategy-
- Providing resources for expansion and technical upgradation of existing enterprises, strengthening infrastructure facilities and providing assistance in marketing of manufactured products.
 - To specifically address the looming issues of Micro, Small and Medium Enterprises and ensure access to capital and markets by simplifying procedures.
 - Facilitating availability of land/space for establishment of new enterprises, development of new infrastructure facilities and upgradation of existing infrastructure facilities.
 - Creation of conducive industrial environment for doing business with ease and convenience.
 - Promotion of sustainable and inclusive development keeping in view the environmental balance.
 - Financial incentives and rewards for quality production and standardization.
 - To reduce the debt burden on the enterprises in the state by providing financial incentives on term loan taken through banks, for the establishment of new units and adequate expansion of existing units.
 - Permissibility of financial incentives for investment attraction and simplification of input procedure.
 - In order to solve the problem of regional imbalance, giving special incentives for setting up and upgrading of enterprises in remote and hilly areas.
 - Providing additional incentive facility to increase the participation of Divyang, women, Scheduled Castes and Scheduled Tribes keeping in view the imbalance between different sections of the society.
 - To encourage technical upgradation for quality development of products of Micro, Small and Medium enterprises.
 - Providing more incentives to products having more potential in the state.
 - To encourage enterprise establishment in the form of clusters.
 - In accordance with the "One District One Product" program of the Government of India, to increase the identity of the identified products under the "One District Two Products" policy promulgated by the State Government and to make the products manufactured in the state accessible to the market, to give special incentives to the products marked under One District Two Products (ODTP) and the GI (Geographical Indicators) tag of the state.
 - Convergence with State Government schemes and resources to take maximum benefits of Government of India schemes and resources.
 - To coordinate with Mudra, Start-up India, Stand-up India, Make in India, Pradhan Mantri Gati Shakti Yojana and other mission mode programs and schemes of the Government of India, making plans of the state government.
 - To encourage product branding "Make in Uttarakhand" for global recognition.

Definitions

4. (i) State, means the State of Uttarakhand.
- (ii) Policy, means to Uttarakhand Micro, Small and Medium Enterprises Policy-2023.
- (iii) Micro, Small and Medium Enterprises means as defined in the Micro, Small and Medium Enterprises Development Act, 2006 and its amendments from time to time.

At present, the Ministry of Micro, Small and Medium Enterprises, Government of India's notification dated 01.06.2020, while amending the "Micro, Small and Medium Enterprises Development Act, 2006", has made the following changes in the definition of Micro, Small and Medium Enterprises:

- a. **Micro** - A micro enterprise is one, in which the investment in plant and machinery or equipment does not exceed one crore rupees and its turnover does not exceed five crore rupees.
- b. **Small** - A small enterprise is one, in which the investment in plant and machinery or equipment does not exceed ten crore rupees and its turnover does not exceed fifty crore rupees.
- c. **Medium** - A medium enterprise is one, in which the investment in plant and machinery or equipment does not exceed rupees fifty crore and its turnover does not exceed rupees two hundred and fifty crore.
- (iv) **Manufacturing/Producer Enterprise:** Manufacturing/Producer Enterprise means an enterprise engaged in the manufacture or production of goods or final products relating to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951, bearing a distinct name; or characteristic or use and which uses plant and machinery in value addition to the final product.
- (v) **Startup** means a startup recognized under the Uttarakhand Startup Policy-2023 and which is manufactured within the geographical limits of the state of Uttarakhand.
- (vi) **GI tag product** means the GI tag registered products issued by the Controller General of Patents, Designs and Trademarks, Department for Promotion of Industry and Internal Trade, Government of India for the products of Uttarakhand state area and which are manufactured in the geographical limits of the state of Uttarakhand.
- (vii) **One District Two Product (ODTP)** means the product identified under Uttarakhand State's One District Two Product Scheme-2021 and which is manufactured in the geographical limits of Uttarakhand state.
- (viii) **Cluster** means to a group of minimum 10 production units producing a similar product/complementary product/service, belonging to a value chain, located in a continuous geographical boundary, requiring similar physical facilities/resources.
- (ix) **Commencement of commercial production** means starting of commercial scale production by fully installing the plant and machinery/equipment in the unit, after trial production, through operating the installed plant and machinery.
- (x) **New industrial unit** means an industrial unit which has started its commercial production after the issue of this policy.
- (xi) **Substantial expansion of an existing enterprise** means an industrial unit which has already started commercial production/operation before the date of issue of this policy and the existing unit plans to expand its production

capacity/operation after the issue of this policy. The existing fixed capital investment (building, plant & machinery/equipment) has been increased by a minimum of 25 percent for the purpose of Expansion/diversification and by this the capacity of the unit has been increased by a minimum of 25 percent.

(xii) **Fixed Capital Investment:** Investment made by MSME units in building, plant and machinery and other equipment engaged in production work and such other assets, which are required for the manufacture of the final product before commercial production. The following shall be taken into account for determination of fixed capital investment-

(a) **Building:** Building means a new workshop building constructed for the project, including storage facilities and other buildings constructed in connection with the manufacturing process. Under the project cost, the required and actual expenditure incurred on the new workshop and buildings constructed for other industrial purposes will be calculated as follows:

- i. A building constructed for the installation of plant and machinery,
- ii. Building for research and development (R&D) activities,
- iii. Building for in-house testing facilities,
- iv. Buildings constructed for storage facilities and other activities related to the manufacturing process,
- v. Fire fighting and power transmission system room,
- vi. Built-in tank for water connection.

(b) **Plant, Machinery and Equipment (Plant and Machinery):** Plant and Machinery means new plant and machinery, dies and molds and such other equipment, which are directly used for the manufacture/operation of the product. The cost of the project will also include the expenditure incurred on installation of plant and machinery, internal power lines, switch board, MCB box etc. for operation of plant and machinery, transportation cost of plant and machinery and insurance expenses. If electrical sub-station or transformer is installed for operation of plant and machinery, then their cost will also be calculated under electrification.

The following expenditure may also be included in plant and machinery:-

- i. Plants for non-conventional energy generation.
- ii. Captive power plants for power generation, plants for non-conventional energy production. Captive power plants will be taken into account for incentive calculation in the form of plant and machinery, only when the energy produced from them is used by the unit for itself.
- iii. Testing Equipment.
- iv. Plant for purification of water for manufacturing enterprise.
- v. Plant for pollution control measures, including facilities for collection, treatment, effluent/emission or disposal of solid/gaseous hazardous waste.
- vi. Diesel generator sets and boilers.

- vii. ETP plant for manufacturing enterprise.
- (xiii) **Food processing industry** refers to value added products created after processing (using plant and machinery) of agricultural/horticultural produce that are different from their original physical form, have commercial utility and are used as food items. can be used as. Such as: ready-to-eat food products, food additive, preservatives, colors and fragrances, and value-added products manufactured from milk.
- (xiv) **Single-use plastic product** refers to a plastic item as defined in Ministry of Environment, Forest and Climate Change's notification No. 459, dated 12.08.2021, which is to be used only once for a single purpose before disposal or recycling.
- (xv) **Plastic waste processing** means the process by which plastic waste is handled for the purpose of reused, recycling, co-processing or transformation into new products, as defined by Ministry of Environment, Forest and Climate Change's notification no. 459, dated 12.08.2021.
- (xvi) **Alternative product of single use plastic** refers to such products, which have been mentioned in Annexure-I of Uttarakhand Government Micro, Small and Medium Enterprises Section notification no. 374/VII-3-23/04(01)/MSME/2022, Dated: 22 February, 2023.
- (xvii) **Furnace** means the huge confined blazing fire used for melting metal and heating any object.
- (xviii) **Units owned by SC/ST/Women/Divyang** refer to such units, which are either wholly owned by entrepreneurs of this category or have minimum share capital of 51 percent or more from partners/directors of this category in partnership or incorporated company.
- (xix) **Priority category enterprise** means the manufacturing enterprise mentioned in paragraph-6 (b) under this policy.
- (xx) **Most-priority category** enterprise means the manufacturing enterprise mentioned in paragraph-6 (c) under this policy.
- (xxi) An **Anchor Enterprise** means an enterprise which has a minimum capital investment of Rs 10 crore in plant and machinery and has given permanent employment to a minimum of 25 persons and has at least 7 subsidiary enterprises operating within the state.
- (xxii) **Ancillary Enterprise** means an enterprise which supplies at least 50 per cent of its total annual production to its anchor enterprise established in the State.
- (xxiii) **Permanent Employment** means permanent/native workers/labourers of the state regularly employed in management/skilled/unskilled labor class by the employer in registered established industries, to whom salary/wages are paid directly by the employer. Employment provided through contractors will not be included in the category of permanent employment.

5. Classification of areas for admissibility of financial incentives

The districts and regions of the state have been classified into the following four categories for admissibility of financial incentives keeping in view the geographical conditions and industrial development in these districts /region. This classification has been done on the basis of location, border of neighboring state and distance from the market, and economic development and backwardness of the area:

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. **Identified Activities/ Activities for admissibility of financial incentives**

(a) **Permissible activities/activities of manufacturing sector:-**

- i. All other manufacturing enterprises of micro, small and medium category, except the enterprises given in the Prohibited list.
- ii. Energy production in non-conventional way.

Prohibited List: Annexure-1 (A)

(b) Manufacturing Enterprises of the **Priority Category: Annexure-1 (B)**

(c) Manufacturing Enterprises of the **Most-Priority Category: Annexure-1 (C)**

7. **Institutional Arrangements**

7.1 **Ease of doing business, creation of favorable environment and sensitive administration-**

Technically competent and sensitive administrative machinery has an important contribution in the successful implementation of the policies and schemes and programs made by the government. Therefore, the organizational structure will be strengthened for effective implementation of the schemes. The development of technical capability of the personnel and the required sensitivity for the industry friendly environment (conducive industrial environment) will be inculcated. The State Government will modernize the District Industry Centers by providing technical facilities, so that services such as efficient helpdesk for providing advice, effective implementation of single window system and project preparation of enterprises, etc. can be made available

smoothly. For this, the services of expert consultants will be obtained as far as possible. For this, the infrastructure of District Industry Centers will be improved, they will be connected with high speed internet/broadband and video conferencing facility will be made available. Every application/problem/suggestion received in the office through ERP/special software will be listed and the action being taken on it will be continuously supervised online. All the services of the department will be done online as far as possible.

- 7.2 A dedicated '**Investment Promotion and Facilitation Centre (IPFC)**' is already functioning at the level of Directorate of Industries and District Industries Centre, acting as a centralized one-stop-shop for investors/businessmen in a coordinated manner. Providing systematic handholding support from all required resources and equipment will be made available to make these investment promotion and facilitation centers effective.
- 7.3 **Separate helpdesk service** will be made available for women and differently-abled entrepreneurs.
- 7.4 **Enterprise promotion and investor facilitation** are included in the major functions of the District Industry Centers. While it is absolutely necessary to develop entrepreneurship among the youth of the state for enterprise promotion, proper human resources are also necessary to enable the district industry centers for investor facilitation. To fulfill both these objectives, the state government will bring a plan/program, where retired experienced expert personnel of banks/financial institutions, government departments or students studying/passed out in professional and technical, management institutes will be recruited to meet the human resource requirement of District Industry Centers. Will be taken on contract for short term service on contract basis as Young Professional/Intern. At the time of internship, the students/young professionals themselves will be familiar with the process of starting and operating an enterprise, as a result, this internship will be like a practical Entrepreneurship Development Program (EDP) for them and thus the District Industries Center will act as a nursery for future entrepreneurs.
- 7.5 In order to encourage the existing Micro, Small and Medium industries for expansion and diversification, facilities will be made available like new units under certain conditions.
- 7.6 On the lines of the cluster development scheme run by the Government of India for micro, small and medium enterprises, **50 clusters** will be developed in the state during the plan period for establishment of micro, small and medium industries in the form of clusters. Through these clusters, institutional facilities and financial incentives will be provided for the sustainable development of micro, small and medium enterprises and general issues related to them, such as technology upgradation, skill and quality development, access to market and capital. Apart from this, Common Facility Centers will also be established in such clusters, so that the industries set up in the clusters can take advantage of them. For each cluster by the State Government, a maximum of Rs. 05 crore assistance will be given as financial incentive for land and land development, creation of infrastructure

facilities, machinery and equipment, establishment of common facility center and availability of other essential requirements.

- 7.7 To solve the problems of entrepreneurs, the system of **Web-based Online Portal and Call Center** will be further strengthened.
- 7.8 In order to ensure easy availability of land to micro, small and medium enterprises, a policy will be announced for the establishment of Industrial Estates/Areas in the private sector and in this policy financial incentives will also be given to the promoters of the private sector.

8. Financial Incentive Assistance -

In order to attract maximum investment in the state and to maintain competitiveness relative to other states, the state government will provide financial incentive/reimbursement assistance under certain terms and conditions as follows:-

8.1 Detailed Project Report (DPR) Assistance - New micro enterprises of the identified category to be established in the state will be given assistance for preparing Detailed Project Report (DPR). For this, the consultants will be Empanelment by the Directorate of Industries, Govt. of Uttarakhand. On preparation of detailed project report by the Micro enterprises to be established in the state from the nominated consultants, 75 percent of the expenditure incurred in the form of fee will be reimbursed to the concerned enterprises after their commercial production, on submission of claim.

8.2 Stamp Duty Reimbursement: Reimbursement of Stamp Duty, chargeable on land leased/purchased/acquired by the entrepreneur for the establishment of New Micro, Small and Medium enterprises of identified categories in A, B, C and D category districts/areas as given below, after starting the commercial production and submitting the claim through the establishment of the enterprise-

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

8.3 Capital Subsidy: On the basis of fixed capital investment made in workshop building and plant and machinery/equipment, by the 'New' and 'Existing Units after substantial expansion', Micro, Small and Medium enterprises of identified category, will be eligible for following Capital Investment Subsidy:-

Category of Unit	Micro	Small	Medium

Category of District/ Area	Capital Investment of Plant and Machinery/ Equipment upto Rs. 1 Crore	Capital Investment of Plant and Machinery/ Equipment more than Rs. 1 Crore, upto Rs.5 Crore	Capital Investment of Plant and Machinery/ Equipment more than Rs. 5 Crore, upto Rs.10 Crore	Capital Investment of Plant and Machinery/ Equipment more than Rs. 10 Crore, upto Rs.50 Crore
(1)	(2)	(3)	(4)	(5)
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)

				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.)

- 8.3.1** Under this policy, 5 percent extra Capital Investment subsidy (maximum, Micro enterprises - Rs. 5 lakhs, Small enterprises - Rs. 10 lakhs and Medium enterprises - Rs. 15 lakhs) on the establishment of new manufacturing enterprises in the state identified as "**Priority Category**", will be payable.
- 8.3.2** Under this policy, 10 percent extra Capital Investment subsidy (maximum, micro enterprises - Rs. 10 lakhs, small enterprises - Rs. 15 lakhs and medium enterprises - Rs. 20 lakh) on the establishment of new manufacturing enterprises marked as "**Most-Priority category**" in the district / region of category-A or B and 5 percent extra Capital Investment subsidy (maximum, Micro enterprises - Rs. 5 lakhs, Small enterprises - Rs. 10 lakhs and Medium enterprises - Rs. 15 lakhs) on establishment in district / region of category-C and D, will be payable.
- 8.3.3** Under this policy, on establishment of new Anchor unit having minimum 7 Ancillary units in the state, the anchor unit and all the new subsidiary units (if they are included in the identified enterprise category) will be given 5 percent extra Capital Investment subsidy (maximum, Micro Enterprises - Rs 5 lakh, Small Enterprises - Rs 10 lakh and Medium Enterprises - Rs 15 lakh), will be payable.
- 8.3.4** Under this policy, units owned by Scheduled Castes/Scheduled Tribes/Women/Divyang, to be established in the state, will get 5 percent extra Capital Investment subsidy (maximum, micro enterprises - Rs. 5 lakhs, small enterprises - Rs. 10 lakhs and medium enterprises - Rs. 15 lakhs), will be payable.
- 8.3.5** Out of the special category mentioned under this policy, only one category can be availed by any enterprise.
- 8.3.6** For calculation of capital subsidy assistance, the total capital investment in workshop building and plant & machinery will be taken into account for fixed capital investment, but the eligibility category (micro, small and medium) of the unit will be determined only by the total fixed capital investment made in the plant and machinery. Investment made in "land and land development" in the

form of fixed capital investment will not be taken into account for capital investment subsidy.

8.3.7 Such micro enterprises in the manufacturing sector, which can be benefited under the Prime Minister's Employment Generation Program (PMEGP), PMFME (Pradhan Mantri Formalisation of Micro Food Processing Enterprises Scheme) or Mukhaymantri Swarojgar Yojana (MSY), will be given the benefit of these schemes first. If these units are also involved in the permissible activities of MSME Policy-2023, then the margin money (grant) allowed on the bank loan sanctioned/disbursed for the workshop building, plant and machinery/equipment item of the project approved by the banks, will be deducted from the total admissible Capital Investment Subsidy under MSME Policy-2023 and the remaining amount will be given as top-up assistance.

8.3.8 If any new policy is issued by the Government of India for the Industries to be established in the state, then the financial incentives allowed in the said policy will be adjusted from the financial incentives payable in the MSME Policy-2023.

8.3.9 Disbursement of capital subsidy assistance -

Micro Enterprises - After the date of commencement of commercial production, in the next 2 years, in 2 equal installments.

Small and Medium Enterprises - After the date of commencement of commercial production, in the next 5 years, in 5 equal installments.

8.4 **Interest Subsidy Reimbursement** - New Micro, Small and Medium enterprises of identified category to be established in the state, having Term Loan for financing fixed capital investment in workshop building and plant & machinery/equipment from the Notified Commercial Bank, Financial Institution, State Government Co-operative Bank, Regional Rural Bank or Government of India / State Government recognized financial institution, the following rate of interest assistance reimbursement will be payable for a maximum of 3 years-

District / Area Category	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	3 % (Maximum Rs. 3 Lakh, Per	2 % (Maximum Rs. 4 Lakh, Per

	year, per Unit)	year, per Unit)	year, per Unit)
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8.5 **Exemption on electricity duty** - New enterprises of the identified category to be established in the state, in which the sanctioned electricity load is upto 500 KW, will be exempted from electricity duty for 5 years.

8.6 **Quality Certification Incentive Assistance Reimbursement** - New Micro, Small and Medium enterprises of identified category to be established in the state, obtaining National / International Quality Certificates (ISO / ISI / BIS / Patent / Quality Marking/ /Trade Mark /Copyright /FSSAI /Pollution Control /ZED-Zero Effect Zero Defect etc)) will be reimbursed 75% of the actual expenditure incurred by the unit, subject to a maximum of Rs. 1 lakh per unit.

8.7 **Mandy Fee Reimbursement** - Reimbursement of the Mandy fee charged for purchase of raw material from the mandi located within the geographical limits of the state, for a maximum period of 5 years, for agriculture and horticulture based new food processing enterprises to be established in districts/areas of Category-A and B. Payable as follows-

Category of District/Aea	Amount of Market Fee Reimbursement
Category- A	50 Percent (Maximum 5 Lakh, Per unit/Per Year)
Category-B	50 Percent (Maximum 3 Lakh, Per unit/Per Year)

9. **Quality and Standard Promotion**

9.1 Keeping in view the continuous rapid development in the field of technology and the advanced standards being adopted globally towards environmental and technical standards, the investment to be made on the basic infrastructure related to technical upgradation and testing will increase the competitive ability of Micro, Small and Medium enterprises. Therefore, industries will be encouraged to adopt waste management systems, pollution control facilities and standards, quality development and achieve production efficiency by adopting Industry 4.0 technology.

9.2 To spread the benefits of advanced technology to micro, small and medium industries, publicity will be done through seminars, so that the benefits of advanced technology can be applied in various fields such as product quality improvement, environmental improvement, energy-efficiency, quality-packaging, testing- facilities and computerized quality-control etc.

9.3 **Award to ZED certified micro, small and medium enterprises:** There is a system of certification in three categories Gold, Silver and Bronze under the Z scheme. The micro, small and medium enterprises that get certification in Gold, Silver and Bronze category will be awarded memento, excellence certificate and the following amount as prize-

ZED Certificate Category	Prize Money
Category of Gold	Rs. 75,000 Per Unit

Category of Silver	Rs. 50,000 Per Unit
Category of Bronze	Rs. 25,000 Per Unit

During the plan period, one unit can avail the benefit of the award under one category only.

10. Entrepreneurship and skill development promotion

- 10.1** Entrepreneurship will be encouraged by organizing entrepreneurship development programs in all districts of the state so that youths can be established as job creators instead of job seekers by encouraging them to set up enterprises.
- 10.2** For imparting training to artisans and young entrepreneurs on modern techniques in manufacturing, design, packaging and marketing, collaboration with reputed Government/Non-Government organizations/institutions and large industrial establishments working in these areas will be taken.

11. Marketing Promotion

- 11.1** There is a need to ensure the marketability of the products manufactured in the state according to the demand in the national and international markets. The state government will take suitable steps to fill the gap in this sector. Marketing will be encouraged by the Uttarakhand Handloom and Handicrafts Development Council (UHHDC) by taking the help of commercial e-commerce portals, so that traditional artisans can be linked to the regional and national market.
- 11.2** The Uttarakhand Handloom and Handicrafts Development Council will be strengthened in such a way that it can encourage participation of artisans and entrepreneurs by organizing exhibitions and buyer-seller meets at national, international and regional levels.
- 11.3** Micro, Small and Medium Enterprises will be encouraged to get onboard the GEM portal.
- 11.4** Micro and small enterprises of the state will be given preference in government procurement of materials/services at the time of tender.

12. Procedure for acceptance of financial incentives

- 12.1** Online application can be made for all financial incentive assistance and rewards related to this policy, whose status will be displayed online to the applicant. For this, necessary changes will be made in the related website by the Directorate of Industries.
- 12.2** To get benefits under the policy, the units will have to apply online on the prescribed portal. After examining the application received by the General Manager, District Industries Center of the concerned district, it will be forwarded to the Directorate of Industries along with its recommendation.
- 12.3** The state level Empowered committee constituted as follows will be responsible for the selection for the acceptance and award of financial incentive assistance on the applications received under the policy-

1. Director General and Commissioner - Chairman

Industries, Uttarakhand .

2. Head of Department, State Tax - Member
Department / Energy / UREDA / Labor /
Forest and Environment / Information
Technology / Ayush / Agriculture /
Horticulture / Public Works Department
or the officer nominated by him who is of
the level of Additional Head of
Department.
3. Finance Controller, Directorate of - Member
Industries, Uttarakhand.
4. State Level Bankers' Committee - Member
Convener.
5. Director Industries, Directorate of - Member
Industries, Uttarakhand . Secretary

According to the requirement, Commissioner and Director General Industries, may invite other expert departments in the meeting of the committee.

12.4 At the district level, the District Empowered Committee will be constituted under the chairmanship of the District Magistrate of the concerned district as follows-

1. District Magistrate - Chairman
2. Chief Development Officer - Member
3. Chief/Senior Treasury Officer - Member
4. Lead Bank Manager - Member
5. General Manager, District Industry Center - Convener
Member

District level officers of other departments can be invited by the District Magistrate in the meeting of the committee as per the requirement. This committee will be able to take a decision considering the applications received for the financial incentives provided in the policy, if such power is delegated. This committee will also be responsible for necessary departmental coordination and review at the district level for the progress of the scheme.

12.5 A high level committee will be constituted under the chairmanship of Principal Secretary/Secretary, MSME, Government of Uttarakhand as follows-

1. Principal Secretary/Secretary, M.S.M.E. - Chairman
2. Secretary/Additional Secretary, Finance/
Energy/UREDA/Labour/Forest & Environment/
Information Technology/Ayush/Agriculture/
Horticulture/Public Works Department - Member
3. Director General/Commissioner Industries - Convener Member
Principal Secretary/Secretary M.S.M.E. may invite, as per the

requirement, other expert departments in the meeting of the committee. The responsibility of this committee will be to review the progress of the policy and inter-departmental coordination. The cases referred by the Commissioner and Director General Industries will be presented before this committee and their disposal will be ensured.

13. General Provisions/ Guiding Principles

- 13.1** These general provisions/guiding principles will be applicable to all micro, small and medium enterprises eligible under this policy.
- 13.2** This policy will come into force from 01 August, 2023 and will be effective for five years.
- 13.3** All the benefits provided under this policy will be payable to all the eligible enterprises coming into production from 01 August, 2023, till the period the policy is in force, within the prescribed limits as per the permissible period.
- 13.4** The right to make any change in this policy will be vested in the Government of Uttarakhand. In case of any change in the policy, the units already receiving benefits under the policy will continue to receive the said benefits. The Director General / Commissioner Industries will have the right to issue clarification on the points of the policy.
- 13.5** Uttarakhand government will have the right to modify the list of Permissible activities, Prohibited Activities, Priority category enterprises and Most-priority category enterprises in this policy.
- 13.6** Potential entrepreneurs/investors will be encouraged to avail term loan facility from Scheduled Commercial Banks/Financial Institutions approved by Reserve Bank of India/SEBI for setting up enterprise and availing financial incentives on capital investment made in the enterprise.
- 13.7** The unit applying for financial incentives shall submit a detailed project report along with the application form and along with the approved bank appraisal report from scheduled commercial banks or such financial institutions/banks approved by RBI/SEBI from whom the term loan has been granted. The appraisal report prepared by the bank/financial institution will form the basis for appraising the project cost for calculation of incentives.
- 13.8** For the purpose of calculation of incentives under this policy, the approved project cost shall mean the project cost finally approved by the institution/authority or person empaneled by the financing bank/financial institution/department and the project cost shall be the basis for determination of incentives.
- 13.9** All the financial incentives mentioned under this policy will be provided post-production i.e. after the date of commencement of commercial production/operation, on submission of claim by the unit.
- 13.10** Under this policy, it will be mandatory to submit Capital Investment Subsidy claim completely on the prescribed portal within one year from the date of commencement of production. Incomplete, imprecise and unclear claim will not be accepted.

- 13.11 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 in the state. Under the said policies, the benefit of financial incentives in the same item/component will be allowed from only one source, so that there is no duplication of the same type of benefit.
- 13.12 In case of change in the ownership or management of a unit, it will be necessary for the unit to obtain its permission from the department, so that in case of change in the ownership or management of the unit, the benefits of incentives available to the existing unit continue to be available for the remaining permissible period. The eligibility period and the amount/limit of financial incentive will not be increased under any circumstances.
- 13.13 It will be necessary for the unit receiving benefits under the policy to remain working for a minimum period of 5 years. If the unit remains closed for a maximum period of 6 months due to natural calamity, it will not be considered as closed. If any unit having the incentive under this policy is found to be closed for more than 6 months in the middle of 5 years from the date of production, then the recovery of all the financial incentives provided under the policy, along with 18 percent interest from the unit, can be done on par with 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. Dissatisfied with this decision, an appeal can be made by the party to the committee headed by Principal Secretary/Secretary, Micro, Small and Medium Enterprises, Government of Uttarakhand, whose decision will be final.
- 13.14 In case of change of shareholder/ownership of the unit, owned by SC/ST/Women/Divyangjan within 5 years from the date of commencement of commercial production, the new shareholder/owner should belong to the same category. If the new shareholder/owner is not from the same category, then the entire amount of incentive given to such units will be recovered with the rate of 18 percent annual interest from the date of receiving the incentive.
- 13.15 Splitting up or reconstitution of an already existing enterprise or transfer of plant and machinery previously used for any other purpose to a new unit or unit shifted from elsewhere shall not be eligible for financial incentives under the policy.
- 13.16 The Micro, Small and Medium Enterprises Department will be the nodal department for the implementation and monitoring of this policy.
- 13.17 Industries in the Prohibited/Restricted list will not be eligible for any incentive under this policy.
- 13.18 For admissibility of financial incentives under this policy, it will be necessary for the eligible enterprise to provide **minimum 70 percent permanent employment** to the permanent residents of the state in its enterprise.

Prohibited List: Annexure-1 (A)	
i.	All goods falling under Chapter 24 of the First Schedule to the Central Excise Act, 1985 (5 of 1986) relating to tobacco and manufactured tobacco products.
ii.	Pan Masala falling under Chapter 21 of the First Schedule to the Central Excise Act, 1985 (5 of 1986).
iii.	Uttarakhand Government, Environment Protection and Climate Change Section's notification No. 84/XXXVIII-1-20-13(11)/2001 dated 16.02.2021 and Ministry of Environment, Forest and Climate Change, Government of India's notification dated 12th August, 2021, banned by July 01, 2022 Single use plastic products, polythene less than 120 micron thickness, recycling of polythene and plastic.
iv.	Brick Making (Brick Bhatta) Units.
v.	Saw Mill.
vi.	Manufacturing of firecrackers.
vii.	Mining and stone crusher units (except Soapstone, Silica processing and its by-products).
viii.	Thermal Power Plant.
ix.	Steel and Steel Ingot manufacturing.
x.	All units using the furnace.
xi.	All products included in the list of prohibited category from time to time by the Central / State Government.
xii.	Units not complying with environmental standards or not obtaining requisite consent for establishment and operation from the Ministry of Forest, Environment and Climate Change, Government of India or the State Environmental Impact Assessment Authority (SEIAA) or the concerned Central Pollution Control Board/State Pollution Control Board.
xiii.	Low value addition activities like preservation, cleaning, handling, packing, re-packing or re-labelling, sorting, variation in retail selling price etc. during storage and wholesale and retail trade.
xiv.	All activities of service sector including tourism.
Manufacturing Enterprises of the Priority Category: Annexure- 1(B)	
1.	Enterprises based on natural fiber and minor forest produce.
2.	Identified product manufacturing enterprise under 'One District Two Product' scheme.
3.	Manufacturing enterprises of the state's 'GI Tag' products.
4.	Startups in the manufacturing sector.
5.	Products covered under Bio-technology and Nano technology.
6.	Enterprises manufacturing alternative products of single use plastic.
Manufacturing Enterprises of the Most-Priority Category: Annexure- 1(C)	
1.	Food Processing Enterprises.
2.	Fruit and Vegetable Processing Enterprises.
3.	Fruit based winery.
4.	Briquettes/Pellets manufacturing enterprise from Pirul.
5.	Manufacturing enterprise based on medicinal herbs and aromatic plants.

(Vinay Shankar Pandey)
Secretary.

No: 1253()/VII-3-23/04(01)-MSME/2023 Dated

Copy forwarded for information and necessary action :-

1. The PS to Governor, Uttarakhand.
2. The PS to Hon'ble Chief Minister, Uttarakhand.
3. The PS to Chief Secretary, Uttarakhand.
4. To All The Additional Chief Secretary/Principal Secretary/ Secretary, Uttarakhand.
5. The Chief Resident Commissioner, Uttarakhand, New Delhi.
6. The Chief Investment Commissioner of Uttarkhand, New Delhi.
7. To All Head of the Departments, Uttarakhand.
8. Director General/ Commissioner Industries, Directorate of Industries, Dehradun.
9. Managing Director, Sidcul, Uttarakhand.
10. Commissioner Garhwal/Kumaon, Uttarakhand.
11. All District Magistrate, Uttarakhand.
12. All General Manager, DIC's Uttarakhand by Director General/ Commissioner Industries, Directorate of Industries, Dehradun.
13. Additional Director, Government Printing Press, Roorkee, Haridwar to Gazette and Supply 50 Copies to this Department.
14. Finance Section-2, Uttarkhand Secretariat.
15. Director, NIC, Secretariat Campus, Dehradun.
16. Office File.

By order,



(Shiv Shanker Mishra)

Deputy Secretary.

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