

Uttarakhand Micro, Small and Medium Enterprises Policy – 2023
Frequently Asked Questions (FAQs)

1. When MSME Policy 2023 Notified?

Answer: MSME Policy 2023 Notified on 09 August 2023

2. What is the validity of MSME Policy 2023?

Answer: MSME Policy 2023 is valid from the date of issue i.e., 09 August 2023 and will be effective for five years

3. Define MSME.

Answer:

Micro Investment in plant and machinery or equipment does not exceed INR 1 crore and its turnover does not exceed INR 5 crore.

Small Investment in plant and machinery or equipment does not exceed INR 10 crore and its turnover does not exceed INR 50 crore.

Medium 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.

4. Classification of areas for admissibility of financial incentives

Answer:

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.

5. Is Service Sector included in MSME Policy 2023?

Answer: No, Uttarakhand Micro, Small and Medium Enterprises Policy – 2023 is applicable for Manufacturing Sector only.

6. Which are the Prohibited activities under MSME Policy 2023?

Answer: Following are the list of Prohibited activities under MSME Policy 2023:

- 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.

7. Which are the Permissible activities under MSME Policy 2023?

Answer: Following are the list of Permissible activities under MSME Policy 2023:

- i. All other manufacturing enterprises of micro, small and medium category, except the enterprises given in the Prohibited list in question 6.
- ii. Energy production in non-conventional way.

8. List down the Priority Category

Answer: Following are the Priority Category:

- i. Enterprises based on natural fiber and minor forest produce.
- ii. Identified product manufacturing enterprise under 'One District Two Product' scheme.
- iii. Manufacturing enterprises of the state's 'GI Tag' products.
- iv. Startups in the manufacturing sector.
- v. Products covered under Bio-technology and Nano technology.
- vi. Enterprises manufacturing alternative products of single use plastic.

9. List down the Most-Priority Category

Answer: Following are the Most-Priority Category:

- i. Food Processing Enterprises.
- ii. Fruit and Vegetable Processing Enterprises.
- iii. Fruit based winery.
- iv. Briquettes/Pellets manufacturing enterprise from Pirul.
- v. Manufacturing enterprise based on medicinal herbs and aromatic plants.

10. What type of financial incentives are available for MSME 2023?

Answer: MSME can avail various incentives as mentioned below:

- i. Capital Subsidy
- ii. Interest Subsidy Reimbursement
- iii. Exemption on electricity duty
- iv. Stamp Duty Reimbursement
- v. Mandi Fee Reimbursement
- vi. Detailed Project Report (DPR) Assistance
- vii. Quality Certification Incentive Assistance Reimbursement
- viii. Award to ZED certified micro, small and medium enterprises

11. Who is eligible for Capital Subsidy?

Answer: 'New' and 'Existing Units after substantial expansion', Micro, Small and Medium enterprises of identified category are eligible for Capital Subsidy

12. How much assistance is provided for Capital Subsidy?

Answer:

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	Rs. 40 lakh + 20% of additional fixed capital investment	Rs. 1.20 Cr. + 16% of additional fixed capital investment	Rs. 2 Cr. + 2.50% of additional fixed

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)
	(Maximum Rs.40 lakh)	above Rs. 1 crore (maximum Rs. 1.20 crore)	above Rs. 5 crore (maximum Rs. 2 crore)	capital investment above Rs. 10 crore (maximum Rs. 3 crore)
Category-C	30% of fixed capital investment (Maximum Rs.30 lakh)	Rs. 30 Lakh + 12.5 % of additional fixed capital investment above Rs. 1 crore (maximum Rs. 80 Lakh)	Rs. 80 Lakh + 8% of additional fixed capital investment above Rs. 5 crore (maximum Rs. 1.20 crore)	Rs. 1.20 Cr. + 2% of additional fixed capital investment above Rs. 10 crore (maximum Rs. 2 crore)
Category-D	20% of fixed capital investment (Maximum Rs.20 lakh)	Rs. 20 Lakh + 10% of additional fixed capital investment above Rs. 1 crore (maximum Rs. 60 Lakh)	Rs. 60 Lakh + 6% of additional fixed capital investment above Rs. 5 crore (maximum Rs. 90 Lakh)	Rs. 90 Lakh + 1.50% of additional fixed capital investment above Rs. 10 crore (maximum Rs. 1.50 Cr.)

13. Is there any extra Capital Investment subsidy for Priority Category?

Answer: Yes, under MSME 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.

14. Is there any extra Capital Investment subsidy for Most-Priority Category?

Answer: Yes, under MSME 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.

15. Is there any extra Capital Investment subsidy for Anchor Unit?

Answer: Yes, under MSME 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.

16. Is there any extra Capital Investment subsidy for units owned by Scheduled Castes/Scheduled Tribes/Women/Divyang?

Answer: Yes, 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.

17. Is Enterprise can apply for more than one category of extra Capital Investment subsidy?

Answer: No, only one category can be availed by any enterprise.

18. In how many phases will beneficiaries receive Capital Investment subsidy?

Answer: The Capital Investment Subsidy will be provided as follows:

- i. **Micro Enterprises** - After the date of commencement of commercial production, in the next 2 years, in 2 equal installments.
- ii. **Small and Medium Enterprises** - After the date of commencement of commercial production, in the next 5 years, in 5 equal installments.

19. Who is eligible for Interest Subsidy?

Answer: New Micro, Small and Medium enterprises of identified category 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.

20. What is the maximum duration for which Interest Subsidy can be availed?

Answer: Interest Subsidy will be availed for a maximum period of 3 years from the date of commencement of commercial production or as specified in the government policies.

21. How much assistance is provided for Interest Subsidy?

Answer:

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

22. Who is eligible for Exemption on electricity duty?

Answer: New enterprises of the identified category in which the sanctioned electricity load is upto 500 KW.

23. What is the maximum duration for which Exemption on electricity duty can be availed?

Answer: For 5 years.

24. Who is eligible for Stamp Duty Reimbursement?

Answer: New Micro, Small and Medium enterprises of identified categories in A, B, C and D category districts/areas, after starting the commercial production.

25. How much assistance is provided for Stamp Duty Assistance?

Answer:

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

26. Who is eligible for Mandy Fee Reimbursement?

Answer: New food processing enterprises engaged in Agriculture and horticulture sector established in districts/areas of Category-A and B.

27. What is the geographical scope for Mandy fee reimbursement?

Answer: Mandy Fee Reimbursement applies specifically to the fees charged for purchasing raw materials from mandis located within the geographical limits of the state.

28. How much assistance is provided for Mandy fee reimbursement?

Answer:

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)

29. Who is eligible for Detailed Project Report (DPR) Assistance?

Answer: New micro enterprises of the identified category to be established in the state will be given assistance for preparing Detailed Project Report (DPR).

30. How can a micro-enterprise avail DPR Assistance?

Answer: To access DPR Assistance, micro-enterprises need to engage consultants who are empaneled by the Directorate of Industries, Govt. of Uttarakhand. These consultants will assist in preparing the Detailed Project Report for the enterprise.

31. What is the role of the empaneled consultants?

Answer: Empaneled consultants are responsible for helping micro-enterprises prepare a comprehensive Detailed Project Report that outlines the business plan, financial projections, and other relevant details required for establishing and operating the enterprise.

32. How much assistance is provided for preparing the DPR?

Answer: 75 percent of the expenditure incurred by the micro-enterprises on the fees charged by the nominated consultants for preparing the DPR will be reimbursed to the enterprises.

33. Who is eligible for Quality Certification Incentive Assistance Reimbursement?

Answer: New MSMEs operating within identified category, which obtain National/International Quality Certificates as specified in question 34.

34. What are the eligible National/International Quality Certificates for reimbursement?

Answer: Eligible certificates may include

- i. ISO (International Organization for Standardization) certifications
- ii. ISI (Indian Standards Institute) certifications
- iii. BIS (Bureau of Indian Standards) certifications
- iv. Patents
- v. Quality markings
- vi. Trademarks
- vii. Copyrights
- viii. FSSAI (Food Safety and Standards Authority of India) certifications
- ix. Pollution Control certifications
- x. ZED (Zero Effect Zero Defect) certifications, and more.

The specific certificates may vary depending on the government's policies and guidelines.

35. How much assistance is provided for Quality Certification Incentive Assistance?

Answer: 75% of the actual expenditure incurred by the unit while obtaining the specified National/International Quality Certificates (as mentioned in Question 34) subject to a maximum of Rs. 1 lakh per unit.

36. What is ZED certification, and how is it categorized?

Answer: ZED certification is a recognition given to MSMEs that meet specific quality and efficiency standards. It is categorized into three levels: Gold, Silver, and Bronze.

37. How much assistance is provided for Award to ZED certified?

Answer:

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

38. Can MSME avail award for more than one category under ZED Certificate?

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

39. What are the conditions for availing of Financial Incentives Under MSME Policy 2023?

Answer:

- i. All the benefits provided under this policy, from the date of issue of this policy till the period of the policy being in force, will be payable to all the eligible enterprises coming into production within the prescribed limits as per the permissible period.
- ii. Industries in the Prohibited/Restricted list will not be eligible for any incentive under this policy.
- iii. 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.
