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GOVERNMENT OF JHARKHAND

Department of Industries
Government of Jharkhand









Jharkhand MSME Promotion Policy 2023

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1 Introduction

The MSME sector is recognised as a prominent player in India's economic growth and social development. The sector is credited for generating ample employment opportunities and promoting equitable distribution of national income. Also, MSMEs contribute towards exports, entrepreneurial development and upliftment of rural and backward areas. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly to the inclusive industrial development of the country. Next to agriculture, MSME sector has potential of tapping individuals to associate with economic activities by way of self-employment.

MSMEs are the backbone of Indian economy contributing to approx **26.83%** of the GDP and **49.35%** of total exports. As per Udyam portal, more than **1.24 Crore** MSMEs are registered on Udyam providing employment to more than **8.83 Crore** people, as on 1st January 2023. In India, the MSME sector is exceedingly heterogeneous in terms of the size of the enterprises and variety of products and services, and levels of technology employed. However, the sector has the potential to grow at a faster pace.

The MSME sector in Jharkhand plays a crucial role by providing large-scale employment opportunities, industrialization of rural areas and reduction in regional imbalances. More than **2.77 lakhs** MSMEs are registered in the state on Udyam portal. This shows the potential of the MSME sector in generating employment for the youth of the State as well as giving a boost to the MSME sector. Jharkhand has achieved remarkable success in sericulture and the MSME sectors and is rightly diversifying the industrial portfolio to other sectors as well. It is encouraging to notice that the traditional dependency on mining and quarrying activities has reduced and shifted to the other sub-sectors mainly the manufacturing sector which is more sustainable and employment-generating.

Jharkhand MSME Promotion Policy 2023 aims to boost the growth of MSMEs in the state and unlock the employment potential in the state. Through this policy, it is envisaged to assist them in modernization/ technological upgradation, provide necessary common facilities, backward and forward linkages including product design, marketing support and facilitate them by providing attractive financial and non-financial incentives so as to make them globally competitive and their product remunerative.

2 Policy Objectives

- To foster the growth of new and existing MSME units in the state.
- To boost expansion and diversification of existing MSME.
- To spur employment generation and support young entrepreneurs.
- To accelerate the pace of formalisation and digitization among the MSMEs.
- To encourage adoption of new and innovative technologies.
- To integrate skilling and employment more efficiently.
- Thrust to women and SC/ST entrepreneurs to promote inclusivity.
- To strengthen MSMEs by overcoming various financial, technological and marketing constraints.
- To rejuvenate existing MSMEs including sericulture, handloom, handicraft, khadi, textile, etc.
- To create a conducive ecosystem so that the MSME units can prosper and grow.

3 Policy Strategy

a) Fiscal incentives- Providing financial incentives and support to units.

b) Institutional structure- A dedicated institutional framework to assist and support MSMEs.

c) Ease of doing Business- Providing ease of doing business through time bound approvals and permissions and launch of Jharkhand MSME Special Concession Act.

d) Technical upgradation- Extend technical support to units to increase their access to modern technology.

e) Cluster development- Development of product specific clusters industrial parks including rural industrialisation e.g. Sericulture, Khadi, Handicraft, Food Processing, Handlooms, Bamboo, Leather and Lac etc.

4 Enabling Framework

4.1 MSME Cluster-Based Development Strategy

(a) Cluster-based development is an all-encompassing approach, which endeavors to provide support to the units in the sector collectively. This approach benefits the industry as a whole rather than providing dispersed benefits.

(b) The cluster development model is aimed at achieving collective efficiencies in each of the key facets of the business right from the provision of modern physical and social infrastructure, bulk sourcing of raw materials, procurement of modern technology and equipment, institutional financing support and access to organised domestic and international markets to implementing modern manufacturing and trade practices and also suitable environmental protection measures. The underlying objective of the initiative is to position MSMEs on a level playing field with large players while retaining their integrity as individual businesses.

(c) The clusters will be organized/developed in a manner such that a group of entrepreneurs who produce and sell a range of related or complementary products and thus, face common challenges and opportunities, come together to achieve collective efficiency and penetrate markets beyond their individual reach.

(d) The state shall promote and facilitate cluster potential product groups including One District One Product (ODOP).

4.2 Institutional Framework

The state envisages to set up a dedicated directorate of MSME at state level and District MSME Centre (DMC) in every district of the state for the development and growth of MSME sector. The roles and responsibilities of the proposed directorate and DMCs would be:

4.2.1 Roles and Responsibilities of State MSME Directorate

State MSME Directorate shall promote and support the MSMEs of Jharkhand. It shall manage and operate at the State level to provide all the necessary support services to entrepreneurs or first-time business owners to start their MSMEs. The body shall also guide and monitor the District MSME Centres (DMCs) developments and activities.

The State MSME Directorate's responsibilities are as follows:

- Implementation of State & Central Government MSME Schemes/programs in Jharkhand state.
- State MSME Director shall carry out a periodic assessment of DMCs and state programs and schemes to ensure proper implementation and operation.
- Promotion and implementation of national and international trade and export.

- Resolution of any dispute related to DMCs.
- Appointment and formulation of Corporation/ Board/ Council/ Competent authority and human resource management for State MSME Directorate.
- Monitoring of single-window clearance system that allows MSMEs to settle their business-related problems quickly.
- State MSME Directorate shall be responsible for the disbursement of Incentives related to all MSMEs under the superintendence of Single Window Clearance Committee (SWCC).
- MSME facilitation council constituted under MSMED Act 2006 shall work with this directorate.
- All other incidental and policy matters related to MSME Sector.

4.2.2 Roles and Responsibilities of District MSME Centres (DMCs)

A District MSME Centre is a district-level entity that provides all the necessary services and support to facilitate entrepreneurs in setting up MSMEs (Micro, Small and Medium enterprises). Initially, the existing District Industry Centres (DICs) will be designated as DMCs in the district. Thus, an entrepreneur may obtain all the assistance they require in setting up their business from a single institution, namely DMC.

DMC's responsibilities include:

- DMCs shall assist an entrepreneur in the State & Central Government MSME Schemes/ programs and ensures continuous support during the establishment of their business.
- DMCs shall assist the MSME units in Udyam registration. Also, it would create awareness regarding the registration process and benefits.
- DMCs shall offer business owners assistance in single-window clearance system that will allow them to settle their business-related problems quickly.
- DMCs shall encourage the expansion and development of manufacturing/service oriented MSME units in rural and urban communities.
- DMCs shall also carry out a periodic assessment of State & Central Government MSME programs and schemes to ensure proper implementation and operation.

4.3 Technical Upgradation

Regular training and workshop would be organised at the district level on the use of technology and new technology introduced in the MSME sector. MSME owners would be encouraged to enroll themselves in government IT development and other technological upgradation programmes. It will help them in understanding the latest technological developments in their sector. It will also increase their access to modern technology. The State government would work closely with Central Government to identify the need of opening new IT centres in rural and semi-urban areas. Training /workshops would be conducted to create awareness of the benefits of going online and integration of the supply chain.

4.4 Skill Development

The State MSME Directorate would periodically conduct training and skill development programs in their MSME Cluster. MSMEs would be encouraged to provide job specific technical training and run re-skilling programs in coordination with local polytechnic, govt. research institute and training centres. A custom vocational training program related to sales & marketing, branding, entrepreneurship development, financial management, etc in the context of MSMEs would be developed in collaboration with government institutes and imparted to MSMEs employees at a subsidised rate.

4.5 Ease of Doing Business

Measures like single-window clearance, online payments, online verification, third-party certifications, self-certification, time-bound approvals, availability of information online, standard operating procedures for approvals, deemed approvals, etc. have allowed businesses in the state to flourish without wasting their precious time and energy on excessive compliances.

The state also plans to launch Jharkhand MSME Special Concession Act 2023 to provide exemptions to MSME units from all approvals and inspections such as permission, NOC, clearance, approvals, consent, registration, licence, etc. under any state law in connection with establishment or operation of enterprise.

5 Eligibility

All new and existing micro, small and medium enterprises as per the latest classification done by Union Government of India will be eligible for incentives under this policy.

As per the revised classification that came into effect on 1 July 2020, the criteria for the manufacturing and services oriented enterprises are as follows:

a) **Micro Enterprise:** The investment in Plant and Machinery or Equipment is capped at one crore rupees and the annual turnover is maximum five crore rupees.

b) **Small Enterprise:** The investment in Plant and Machinery or Equipment is **capped at ten crore rupees** and the annual turnover is maximum fifty crore rupees.

c) **Medium Enterprise:** The investment in Plant and Machinery or Equipment is **capped at fifty crore rupees** and the annual turnover is maximum two hundred and fifty crore rupees.

The eligibility criteria will be as per the latest classification done by Union Government of India.

6 Incentives

After the notification of this Policy, the industrial unit as per the eligibility criteria mentioned in this policy will be entitled to avail incentives under the Jharkhand MSME Promotion Policy 2023:

6.1 Comprehensive Project Investment Subsidy (CPIS)

a) MSME units shall be entitled to get CPIS at the rate for investments made in fixed capital investment (FCI) subject to a maximum limit of

Type of Unit	Maximum Limit	Maximum Admissible Subsidy
Micro	40% of FCI	INR 15 Cr
Small	35% of FCI	
Medium	30% of FCI	

a) SC/ST/Women/Differently abled Entrepreneurs will avail 5% additional benefit under CPIS. In such cases the maximum admissible CPIS would be INR 15.00 Cr. + 5% = INR 15.75 Cr. (Fifteen crore seventy five lakh). This benefit shall be applicable only to residents of Jharkhand. For the purpose of this clause, those persons will be eligible for benefit under SC/ST category that are issued caste / residential certificate to this effect by competent authority as notified by Government of Jharkhand. Similarly, those persons will be deemed to be of differently abled category that are certified by a competent Medical Board to have Differently abled of more than 40%.

b) Applicable CPIS will be disbursed to units in two instalments with 50% in first year and balance 50% in third year.

6.2 Interest Subsidy

New MSME units shall be entitled to interest subsidy for timely payment @5% per annum on total loan availed from public financial institutions / Banks for period of five years from the date of Commercial Production subject to total maximum limit of:

- INR 25 Lakhs for Micro Enterprises
- INR 1 crore for Small Enterprises
- INR 2 crore for Medium Enterprises

Units which are classified as Non-performing Asset (NPA) at the time of making the application will not be eligible to avail such incentive.

In addition to the interest subsidy, the guarantee fee charged under the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme to Micro and Small Enterprises (MSEs) will be reimbursed to the enterprises in order to improve the CGTMSE coverage for collateral free loans in the state.

6.3 Stamp duty and Registration fee

100% reimbursement of stamp duty and registration fee by Department of Industries/Directorate of industries for land directly purchased as per the provisions of law from the raiyats / acquired through consent award (lessee of JIADA land awarded at concessional lease rate / industrial parks will not be eligible for this benefits). This facility will be granted only for the first transaction for a particular plot of land.

6.4 Quality Certification

a) High priority is being accorded by the State government for improvement of quality of the industrial units and will be provided with assistance for obtaining quality certification from B.I.S. and other internationally recognised institutions **@ 100% of the expenditure incurred up to maximum of INR 25.00 lakh.**

b) Units obtaining certification / accreditation under any of the following internationally recognised / accepted standards will be eligible for the benefit

- ISO-9000 Quality Management System
- ISO-14000 Environmental Management System
- ISO-18000 Occupational Health and Safety Standards
- BIS certification
- Social Accountability Standards
- Green Energy Certificate
- Bureau of Energy Efficiency (BEE) Certificate
- LEED Certification in New and renewable Energy
- Internationally accredited eco-labels OKE-TEX 100 etc.
- Zero Defect Zero Effect (ZED) Certification
- Any other nationally/ internationally accredited certification that will enable better market positioning

c) An Enterprise can avail the facility for more than one certification during the policy period subject to maximum limit.

d) In case of ZED certification, units will be provided 100% of the balance amount provided by Government of India in the following manner:

- 20% of expenses incurred by micro units
- 30% of expenses incurred by small units
- 25% of expenses incurred by medium units

6.5 Patent Registration

Units will be encouraged for filing their successfully generated, registered and accepted patents based on their original work / research. The State Government will provide **financial assistance of 50% of the expenditure incurred, up to a maximum of INR 25 lakh, per patent**. Out of these a maximum of INR 10 lakh may be given on expenditure incurred in filing of patent, attorney fees, patent tracking etc. and up to maximum of INR 25 lakh on final acceptance of the patent.

6.6 Electricity Duty

The state shall provide 100% reimbursement of electricity duty for 5 years from the date of commencement of commercial production.

6.7 Export Development Assistance (EDA)

Government of Jharkhand will extend the Export Development Assistance to MSMEs for participation in approved International Trade Fairs at National, International, State Level, Buyer-Seller meet and for exploring new markets for exporters organized by ITPO/EPCs/Commodity Boards etc. both in National and International level. The scheme will be administered by the Directorate of Industries.

Scheme	Eligibility	Details
Foreign Exhibition/ Trade Fairs*	MSME Exporters registered with concerned DIC/ JIADA	75% of Stall charges paid up to maximum of Rs. 4,00,000/- for one fair/ exhibition. Air fare 75% by economy class, max. up to INR 50,000/- per Two person per unit per annum.

* Exporting organizations availing travel support from Government of India under similar scheme shall not be eligible for the above-mentioned State Incentives.

An outlay of INR 2 Crores per year will be provided under this head on First-Come-First-Serve basis to MSME sector. The application for Export Development Assistance should be submitted at least 45 days before the fair/exhibition.

6.8 Market Research Fund

A market research fund will be setup to activate a mechanism for providing live and timely market information on products and markets which will help the SME exporters to enter the export market directly.

6.9 Green Production & Management

A reimbursement up to 75% of the cost, subject to a limit of INR 3 lakhs, of Energy and Water Audit, conducted in the units by any Government empanelled or Government approved agency, shall be made to the eligible units.

6.10 Trademark Registration Assistance

A reimbursement of 100% of expenditure incurred in obtaining Trademark registration subject to a maximum limit of INR 3 lakhs.

6.11 Raising capital through SME Exchange

New Enterprises shall be provided one-time financial assistance of 20% of expenditure incurred for raising of capital through SME Exchange subject to a maximum of INR 10 lakh after successful raising of equity as per the scheme approved by SME Exchange.

6.12 Effluent Treatment Plant

A reimbursement of 50% of expenditure for setting up of Effluent Treatment Plant by units subject to a maximum financial assistance of INR 25 lakhs.

6.13 Technology support subsidy

The state government will provide financial assistance of 75% for implementing ERP solutions and ICT solutions subject to maximum limit of INR 1 lakh and INR 5 lakhs respectively. The ERP/ICT solutions should be certified from CMMI Level 3 firms/organisations.

6.14 Green measures subsidy

A reimbursement of 50% of expenditure incurred in consultancy charges, for obtaining green rating for industrial buildings from Indian Green Building Council (IGBC) subject to a maximum financial assistance of INR 4 lakhs.

7 Procedure for Disposal of Applications

7.1 Online mechanism for disbursal of incentives

Department of Industries has developed an online mechanism for receiving applications and an online workflow system for the sanction and disbursement of incentives under this policy.

All online applications received for incentives under this policy shall be placed before the State MSME Directorate.

8 Miscellaneous Provisions

8.1 Date of Commercial Production (DoP)

All units must obtain the Certification of Date of Commercial Production (DoP) from the State MSME Directorate for availing benefits under this policy. The Udyog Aadhar or Udyam will not be sufficient to substitute a DOP certificate.

The “Date of Commercial Production” of a unit shall mean the date on which the unit actually commences commercial production of the item for which the unit has been registered.

MSME units will get a maximum of six month’s relaxation of time for submission of DOP application. However, the application has to be submitted with expressed reason duly supported by documentary proof. Director of Industries shall have the power to condone delay up to 6 months and Principal Secretary/ Secretary of Industries shall have power to condone delay up to 1 year. Any delay beyond one year shall be referred to Departmental Ministers from delay condonation.

8.2 Operative period of the policy

a) The policy will come into operation from the date of issue of its notification in the official gazette and shall remain in force for a period of 05 (five) years.

b) Only those enterprises that complete and make their projects operational during the operative period and have a date of production in this policy period shall be eligible for benefits mentioned under this policy.

c) This policy shall not be applicable for such industrial units for which separate sectoral policies viz- Tourism Policy, IT Policy etc. (by either department of Industries or other departments) are in force. However for such units, provisions of Jharkhand MSME Promotion Policy-2023 will apply automatically from the date on which any such sectoral policy is expired.

8.3 Doubts Resolution

a) Doubts relating to the interpretation of any term and/or dispute relating to the operation of any provision under the Jharkhand MSME Promotion Policy 2023 shall have to be referred to the Department of Industries, Government of Jharkhand for clarification/resolution and the decision of the Department of Industries, Government of Jharkhand in this regard shall be final and binding on all parties concerned.

b) In case of any doubt, the "English Version" of the policy will be considered an authentic version.

8.4 Policy Implementation

a) Department of Industries, Government of Jharkhand shall be the nodal agency responsible for implementation of this policy in the State.

b) Units applying for incentive under this policy shall apply on the Single Window Clearance (SWC) portal of the Department of Industries, Government of Jharkhand.

8.5 Power of the State Government

Notwithstanding anything contained in the foregoing paragraphs of the Jharkhand MSME Promotion Policy 2023, the Government of Jharkhand by the issuance of a notification in the official gazette may amend or withdraw any of the provisions and/ or the schemes mentioned hereinabove.

By the Order of the Governor of Jharkhand

Sd/-
(Jitendra Kumar Singh)
Secretary to the Govt., Department of Industries,
Government of Jharkhand.

Memo No. : 06/U.Ni./MSME Policy - 2023 - 01/2023 - 1464 / Ranchi / Dated 11.11.2023

Copy forwarded to the Superintendent, Government Press, Ranchi for its publication in the special edition of Jharkhand Gazette. It is requested to arrange its publication in e-gazette as soon as possible.

Sd/-
(Jitendra Kumar Singh)
Secretary to the Govt., Department of Industries,
Government of Jharkhand.

Memo No. : 06/U.Ni./MSME Policy - 2023 - 01/2023 - 1464 / Ranchi / Dated 11.11.2023

Copy forwarded to Principal Secretary to the Hon'ble Governor, Jharkhand / Principal Secretary to the Hon'ble Chief Minister, Jharkhand / Chief Secretary, Jharkhand, Ranchi / All Additional Chief Secretaries / Principal Secretary / All Heads of Departments / All Divisional Commissioners / All Deputy Commissioners, Jharkhand / Managing Director, JIADA / Director Industries / Mamaging Director JIDCO, Ranchi / Director, Handloom, Silk and Handicrafts / Managing Director, Jharcraft, Ranchi / Chief Executive Officer, Mukhya Mantri Laghu Kutir Ewam Udhyam Vikas Board, Ranchi / All Industrial Area Development Authorities under Industries Department / All District Industries Centres / Deputy Director Industries, Jharkhand, Ranchi for information and necessary action.

Sd/-
(Jitendra Kumar Singh)
Secretary to the Govt., Department of Industries,
Government of Jharkhand.

Annexure-I

Definitions

1. Industrial Unit/Industrial concern: 'Industrial unit / concern' means any unit / concern engaged or to be engaged in manufacturing / processing / servicing industry under the following categories:

a. Industries listed under the First Schedule of the Industries (Development and Regulation) Act 1951 as amended from time to time

b. Industries as defined by Government of India / Government Board/ Concerned Ministry/ Concerned Government authority from time to time

2. New Enterprise

New Enterprise means an enterprise that commences commercial production during the operative period of this policy.

3. Existing Enterprise

The Existing Enterprise means a registered enterprise that has implemented expansion/diversification/ modernization in an existing project for carrying out activity indicated in this policy.

4. Expansion

Expansion means an existing unit that makes additional capital investment and fulfills the following conditions:

a. For MSME Units, it shall be 33% or above additional investment in Plant and Machinery of the already made investment in Plant and Machinery.

b. An increase of at least 33% of the installed capacity.

5. Diversification

Diversification means an existing unit that makes additional capital investment and fulfills the following conditions:

(1) For MSME Units, it shall be 33% or above additional investment in Plant and Machinery of the already made investment in Plant and Machinery.

(2) Production of at least one new product after diversification.

6. Modernisation

Modernisation means an existing unit that makes additional capital investment and fulfills the following conditions:

(1) For MSME Units, it shall be 33% or above additional investment in Plant and Machinery of the already made investment in Plant and Machinery.

(2) At least 20% improvement in the installed capacity.

(3) An improvement of either energy saving of at least 30% or reduction of pollution level of at least 30% or the latest technology in that sector as certified by the reputed institutions recognized by the Government

7. Fixed Capital Investment

The "Fixed Capital Investment" means an investment made in building plant and machinery as well as productive assets of permanent nature such as tools, jigs, fixtures, dies, crane, electrification, etc.

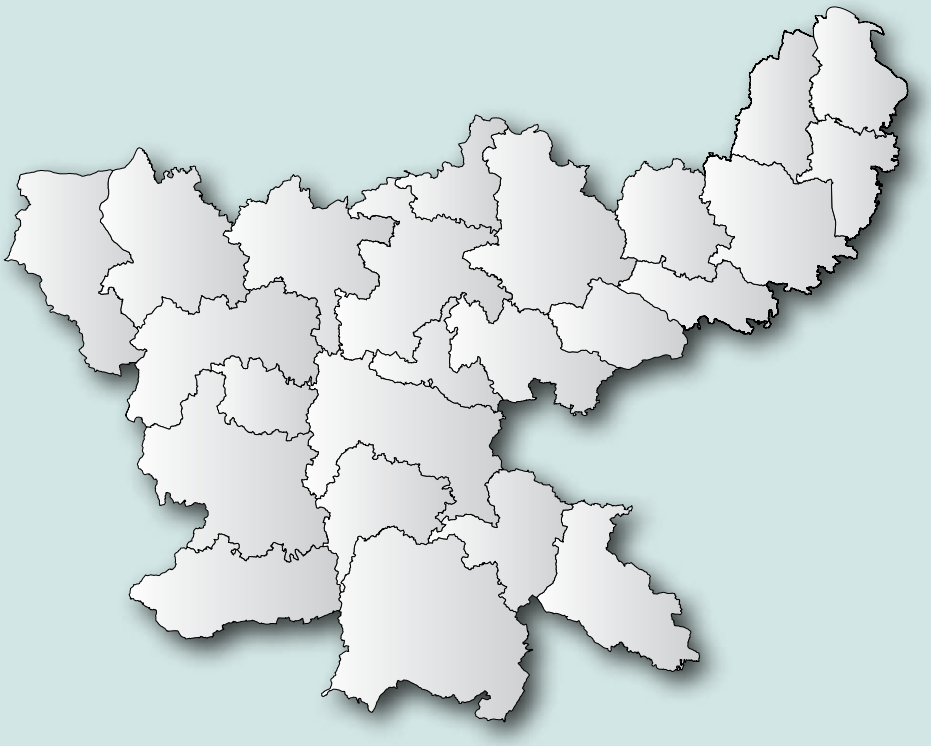
Annexure-II: List of industries/activities ineligible for Fiscal Incentives

The following industries/activities are ineligible for fiscal incentives under this policy:

1. Saw mills and wood sawing
2. Drilling Rigs, Bore Well, Tube Well Establishing Units, Concrete Mixing Plants, Road Metal Mixer, Readymade Concrete Mixture and similar facilities mobile in nature
3. Units Connected with Cutting of Raw Tobacco and Gul Related Products and Guraku
4. Stenciling Units / Processing of Stencil Papers
5. Tailoring (Except Readymade Garment Manufacturing Units)
6. Laundry/Dry Cleaning
7. Photography, Studio Labs, Video Parlours, Videography, Cinematography, Theatres, Photo studios, colour film laboratories, Video, Audio Cassette Recording and Watch Repairing
8. Beauty Parlours
9. Goods and passenger carriers
10. Guest Houses / Restaurants
11. Petrol Pumps
12. Narcotic Drugs, Tobacco barons / tobacco re-drying / processing, Beedi / Cigarette Manufacturing and other tobacco based products
13. Tyre re-treading
14. Mines and Mining Activity including development of Mines etc.
15. Hard*/ Soft* Coke *units*
16. Vehicle or any consumer product show rooms, service / repairing centre or sales centre
17. Brick making units except refractory bricks making, bricks making with use of fly ash / red mud or similar other industrial waste
18. Any petroleum product storages
19. Banned items by State Government or Government of India from time to time will also come under this list

Note:

1. Government reserves the right to make any changes in the above negative list
2. The decision of Government whether a unit falls in the Negative list or not, shall be final and binding



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