



MSME

Capital Subsidy & Loan schemes  
Information, Documents & Requirements for filling applications

SHORT NOTES

**CA.B.JEEVARATHINAM,B.Com,FCA, ACMA,**  
CHARTERED ACCOUNTANT; AMBATTUR INDUSTRIAL ESTATE CHENNAI – 600098  
9543206161; [srijeeva369@gmail.com](mailto:srijeeva369@gmail.com);



<b>MSME - Capital Subsidy Eligibility &amp; Its Requirements - Manufacturing units</b>			
<b>TYPE OF INDUSTRY /PARTICULARS</b>	<b>MICRO</b>	<b>SMALL</b>	<b>MEDIUM</b>
<b>Turnover &amp; Investment Value in Plant &amp; Machinery or Equipment</b>	Investment < 2.5cr. & Turnover < 10cr.	Investment < 25cr. & Turnover < 100cr	Investment < 125cr. & Turnover <500cr.
<b>Type of Industry Eligible for subsidy(Subject to above investment value)</b>	All Type of Manufacturing units	All Type of Manufacturing units in 254 Backward Blocks, Thrust Sector units & Agro based industry in all blocks	All Type of Manufacturing units in 254 Backward Blocks, Thrust Sector units & Agro based industry in all blocks
<b>Thrust sector( identified sectors) Eligible for subsidy anywhere in the state of Tamilnadu</b>	Electrical & Electronics Industry / Leather & Leather goods / Auto Parts & Components /Drugs & Pharmaceuticals / Solar Energy Equipment's / Gold & Diamond jeweler for Exports / Pollution control Equipment's / Sports Goods & Accessories / Cost Effective Building Materials / Ready Made Garments / Foods Processing / Plastic(Except one time use & throw away plastics) / Rubber/ Alternative products to one time use & throwaway plastics/ EV components, charging infra & components/Medical devices, equipments & components /Technical textiles & Medical Textiles/Aerospace & Defence application & components/Electronic system Design& Manufacturing / Bio Technology/ Petrochemicals & speciality chemicals/Industry 4.0/Electronic Waste processing.		
<b>Ineligible Sectors /Industries</b>	Sugar / Distilleries, Brewery & Malt Extraction / Fertilizers / Mining & Quarrying / Iron & Steels Smelting / Beedies / Cigarettes/ cigars/ Gutka & Tobacco based products / Saw Mills & other 16 items.		

**Documents Required for submission for Subsidy Application :-**

- A) Subsidy Application (To be filed online with all correct information & data's)
- B) Machinery Tax invoice (If imported machinery – Bill of entry & custom duty receipt)
- C) Payment proof from the vendor /Bank
- D) First invoice copy after Commencement of Business
- E) Turnover of the company for last three year Before date of commencement of Business (Year wise) & 3 months after commencement of Business (Month wise Details)
- F) Quantity of production details of the company for last three year Before date of commencement of Business (Year wise) & 3 months after commencement of Business (Month wise Details)
- G) Existing list of Machinery installed in the factory at original cost price
- H) Aadhaar & PAN card of Proprietor / Director / Partner
- I) MSME UDYOG Certificate
- J) Rental Agreement
- K) NOC from the SIDCO if the industry is setup in a rental premises in an industrial area
- L) ISO certificate for all Expansion units.
- M) Loan Sanction & Disbursement letter
- N) Pan Card
- O) GST certificate
- P) Partnership Deed , Certificate of incorporation & MOA, AOA
- Q) List of Directors & List of Partners
- R) TNPCB consent order, if applicable.

**Time limit for application:-**

**1 year from the date of commencement of production**

MINIMUM ELIGIBILITY REQUIREMENTS FOR MSME LOAN SCHEMES with SUBSIDY				
PARTICULARS	SCHEMES			
	NEEDS **	PMEGP**	UYEGP ***	AABC ***
Manufacturing SectorProject (Maximum Cost)	5 Crores	50 lakhs	NIL	5 Crores
Service SectorProject (MaximumCost)	5 Crores	20 lakhs	NIL	5 Crores
Trading Sector (MaximumProject Cost)	NIL	NIL	15 LAKHS	NIL
Minimum Age Limit	21 years	18 years	18 years	18 years
Maximum Age Limit	45 for General Category, for others & Women 55	No upper age limit	45 for General Category & for others 55	Beneficiaries shall be with age limit of 55 years
Promoters Contributionto Generalcategory Persons	10%	10%	10%	10%
Promoters Contributionto Others	5%	5%	5%	5%
Educational QualificationRequired	Any Degree /+12 Pass/ Diploma / ITI	No Educational Qualification Requirement for service sector upto 5 lakhs & Manufacturing sector upto 10 lakhs	8Th std Pass	No Educational Qualification
Any EDP Training to becompleted & Period of Training Required	15 Days	10 Days	7 days	15 Days
Maximum Subsidy Eligibility	25% or 75 Lakhs W.E.L	25% of Project cost	25% of Project cost or Maximum 3.75 lakhs	35% not exceeding 1cr for Manufacturing, 75 for Service, 50 for trading
SUBSIDY Eligible Assets that can be included in the project cost	Land, Building & Machinery	Machinery	Machinery	Land, Building & Machinery
Whether Working Capitalloan is eligible for Subsidy	NO	YES	NO	NO

PARTICULARS	SCHEMES			
	NEEDS*	PMEGP**	UYEGP***	AABC ***
<u>Documents</u> <u>Requirements</u>	Degree/Diploma /ITI Certificate,	8th std Pass certificate	8th std Pass certificate	8th std Pass certificate
	Photograph	Photograph	Photograph	Photograph
	Community Certificate	Community Certificate	Community Certificate	Community Certificate
	Address Proof	Address Proof	Address Proof	Address Proof
	Aadhaar card	Aadhaar card	Aadhaar card	Aadhaar card
	Pan Card	Pan Card	Pan Card	Pan Card
	Quotation & Project Report	Quotation & Project Report	Quotation & Project Report	Quotation & ProjectReport

**Details Required:**

NAME  
 COMMUNITY / RELIGION  
 MARTIAL STATUS  
 DATE OF BIRTH  
 FATHER NAME/ SPOUSE NAME  
 ADDRESS  
 PRESENT/PERMANENT  
 DISTRICT / TALUK  
 OCCUPATION OF FATHER/SPOUSE  
 NATURE OF ACTIVITY  
 NO OF YEARS OF PREVIOUS EXPERIENCE IN THE FIELD  
 PROPOSED LOCATION OF PLACE OF BUSINESS (Whether Rented/Owned)  
 CONTACT NO & EMAIL ID  
 BANK DETAILS

\*NEEDS – New Entrepreneur-cum-Enterprise Development scheme  
 \*\*PMEGP – Prime Minister’s Employment Generation Programme  
 \*\*\*UYEGP – Unemployed Youth Employment Generation Programme.  
 \*\*\*\*AABCS – Annal Ambedkar Business Champions Scheme (AABCS)

MSME INCENTIVE SCHEMES DETAILS

Capital Subsidy

- 25% capital subsidy on the value of eligible plant and machinery, subject to a maximum of Rs.150.00 lakh
- Additional capital subsidy for enterprises set up by Women / Scheduled Caste / Scheduled Tribe / Differently Abled and Transgender entrepreneurs at the rate of 5% on the value of eligible plant and machinery, subject to a maximum of Rs.5.00 lakh.
- Additional Capital subsidy 10% for micro enterprises on the investment made in plant and machinery value, subjected to a maximum of Rs.5.00 lakh.
- All existing Micro manufacturing enterprises are eligible for capital subsidy
- Small & Medium:All Typeof Manufacturing units in 254Backward Blocks,Thrust Sector units & Agro based industry in all block
- Time limit for filing of applications Within One Year From The Date of the Purchase Of machinery Invoice
- enhancement of plant and machinery value Minimum :25%
- Turnover Eligibility must be above 25% from before 36 months from the date of commencement and after 3months

LTPT Subsidy

- LTPT subsidy of 20% is given for 36 months from the date of commencement of production or from the date of obtaining power connection, whichever is later
- All new micro manufacturing enterprises established anywhere in the state.
- Existing manufacturing enterprises in the above categories which have taken up substantial expansion / diversification of the existing activities using Low Tension Power Supply (Tariff III B) only.

BEIS(Interest subsidy)

- Micro: All Type of Manufacturing units Micro & Small: Existing Unit Who Aailed term Loan forPurpose of Under Technology Up gradation/Modernization Term Loan Avail From CGTMS Scheme
- For CGTMS: Interest Subsidy Shall be Rate of 5%, Max 5years Only Maximum:20Lakhs Per Loan Loan Amount Must Be Max:Rs200Lakhs Only
- For Under Technology Upgradation/Modernization Interest Subsidy Shall be Rate of 5%, Max 5years Only Maximum:25 Lakhs Per Loan,Loan Amount Must Be Max:Rs500Lakhs Only
- Time limit for filing of applications Within 1year the Loan Taken From The Bank(Interest Amount)

## Quality Certification(Q-cert)

The scheme aims to encourage MSMEs to acquire quality standards/certifications for process and product, such as ISO 9000/ISO 14001/ISO 22000/Hazard Analysis and Critical Control Point (HACCP)/ Good Hygienic Practices (GHP) / Good Manufacturing Practices (GMP) Certifications, BIS Certification, Zero Defect and Zero Effect (ZED) Rating or any other international quality certification recognized in India by a competent authority. The government reimburses payments made to Consultancy and certification agencies towards acquiring such Quality Certification subject to a ceiling of Rs.2.00 lakhs for National level certification and Rs.10.00 lakhs for International level Certification.

## PEACE - INCENTIVE FOR CONDUCTING DETAILED ENERGY AUDIT

- 50 % of the Energy Audit cost subject to a Maximum of Rs.0.75 lakh per energy audit per unit.
- Enterprises having more than one unit may also avail this concession, separately for each unit.
- The overall ceiling on subsidy should be applied not for the original energy audit and subsequent energy audit taken together, but should be applied separately for the original energy audit and the subsequent energy audit.
- There should be a gap of minimum three years between the previous energy audit and the subsequent energy audit i.e. present energy audit.
- The expenditure incurred towards professional charges of conducting an Energy Audit only is eligible.

## Stamp Duty & Registration Charges subsidy

All new Micro and Small enterprises set up in declared 254 industrially backward blocks are eligible to avail 50% reimbursement of stamp duty and Registration charges paid to the Registration department on purchase of land meant for industrial use.

**MINIMUM ELIGIBILITY REQUIREMENTS FOR PMFME SCHEME**

**PM Formalization of Micro Food Processing Enterprises (PMFME)**

**PMFME Scheme Subsidy**

**Under the PMFME scheme, the government will provide the following subsidies:**

- Micro Food Processing Unit new and Existing Unit are Eligible for the Scheme ,For Existing Unit Annual turnover must be 1crore to 5Crores
- For individuals project cost minimum 1lakhs to maximum 1crores , 90% bank loan and 10% of own contribution and 35% subsidy Eligible from the Government
- For Farmers Association, SHG,FPO's, Cooperative societies project cost Maximum 10Crores , 90% bank loan and 10% of own contribution and 35% subsidy Eligible from the Government(3crores Max subsidy amount)
- For SHG Rs.40, 000 per member of the SHG up to a maximum of Rs.4 lakhs

**Eligibility Criteria:**

- Age Limit 18
- Education 8<sup>th</sup> Pass

**The documents required for the PM Formalization of Micro Food Processing Enterprises (PMFME) scheme include:**

- KYC documents: Aadhaar card, voter ID, PAN card, or driving license
- Passport size photo
- Land record
- Quotation or invoice
- Project report
- Income tax returns
- Detailed implementation schedule
- Proposed expenditure for the project
- Bio-data, experience, and quotations of consultant
- Quotation from certification body
- Audited statement of account for the last three year



**Additional Points to be noted for consideration :-**

- a) Udyam Registration Certificate is a basic document to identify as MSME.
- b) The Calculation of Existing P/M or Equipment shall be linked with the ITR filed for the previous year.
- c) The Expression P/M or Equipment shall be the same as assigned in the Income tax Rules 1962 framed under the Income tax act 1962.
- d) Any Purchase Value of P/M or Equipment shall be the Value less GST (Transaction value will only be considered).
- e) Export of Goods or Services or Both shall be excluded while calculating the turnover of any enterprises.
- f) Only One Udyam for one Enterprise.
- g) All Expansion Units shall satisfy the condition of Enhancement of At least 25% of the Existing P/M value & Enhancement of turnover by 25% after the date of expansion.
- h) Valid ISO 9001 or any other recognized quality certification is mandatory to qualify for availing incentives for Expansions.
- i) First sale invoice is considered for recognition of date of commercial production
- J) Incentives will be processed by the competent authority as per the timelines specified in Tamilnadu facilitation rules 2017.
- K) Returned applications shall be resubmitted within 90 days from the date of receipt of returned application.
- L) Condoned Delay of filing application may be taken up, with the approval of Commissioner within 1 & half years of date of commencement.

**Major list of Subsidy :-**

1. Capital Subsidy and Special Capital Subsidy
2. All types of Additional Capital subsidies
3. Payroll Subsidy
4. Low Tension Power Tariff Subsidy.
5. Generator Subsidy.
6. Interest Subvention for Technology Up-gradation and
7. Modernization and CGTMSE Scheme.
8. Incentive for Promotion of Energy Audit and Conservation of Energy (PEACE).
9. Incentive Scheme for Quality Certification (Q-Cert).
10. Reimbursement of Stamp duty and registration charges
11. Subsidy for Asset Creation for Intellectual Property
12. Scheme for Fund raising through SME Exchange.

\*\*\*\* Thank you \*\*\*\*