

**GOVERNMENT OF HARYANA
INDUSTRIES & COMMERCE DEPARTMENT
NOTIFICATION**

Dated :26th February, 2019

No.25/03/2019 - 4IB-I -The Governor of Haryana is pleased to notify Haryana Micro Small and Medium Enterprises (MSME) Policy-2019, which will be effective from date of Notification. The Haryana Micro Small and Medium Enterprises (MSME) Policy-2019 placed below at Annexure-‘A’. This is issued with the concurred of the Finance Department vide their U.O. No. 1/13/2018-1FD-III/10165 dated 12.07.2018.

Dated Chandigarh.

The 26th February, 2019

DEVENDER SINGH

Additional Chief Secretary to Government of Haryana,
Industries & Commerce Department.

Endst. No. 25/03/2019 - 4IB-I

Dated: 26.02.2019

A copy is forwarded to the Superintendent Cabinet O/o Secretary, Council of Minister, Civil Secretariat, Haryana Chandigarh with reference to his U.O No. 9/36/2019-2Cabinet dated 04.02.2019 for information & necessary action.

Superintendent Industries-I
for Additional Chief Secretary to Government of Haryana,
Industries & Commerce Department.

Endst. No. 25/03/2019 - 4IB-I

Dated: 26.02.2019

A copy is forwarded to the Director General of Industries & Commerce, Haryana for information & necessary action. You are requested to upload the policy of the department site.

Superintendent Industries-I
for Additional Chief Secretary to Government of Haryana,
Industries & Commerce Department.

Endst. No. 25/03/2019 - 4IB-I

Dated: 26.02.2019

A copy is forwarded to the Controller, Printing & Stationary Department, Sector-6, Panchkula for publication in Haryana Government Extra Ordinary Gazette. You are requested to supply 200 copies in English version to this office for record.

Superintendent Industries-I
for Additional Chief Secretary to Government of Haryana,
Industries & Commerce Department.

Endst. No. 25/03/2019 - 4IB-I

Dated: 26.02.2019

A copy is forwarded to the Director, General Public Relations, Information and Cultural Affairs Haryana, Chandigarh for information and necessary action.

Superintendent Industries-I
for Additional Chief Secretary to Government of Haryana,
Industries & Commerce Department.

A copy is forwarded to the Additional Chief Secretary to Government of Haryana Finance Department (in FD-III Branch) w.r.t. their U.O. No. 1/13/2018-1FD-III/10165 dated 12.07.2018 for information and necessary action.

Superintendent Industries-I
for Additional Chief Secretary to Government of Haryana,
Industries & Commerce Department.

To

The Additional Chief Secretary to Government of Haryana,
Finance Department (in FD-III Branch)

U.O. No. 25/03/2019 - 4IB-I

Dated: 26.02.2019



Haryana MSME Policy 2019

**Department of Industries &
Commerce, Haryana**

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Policy Preamble



I. Policy Preamble

1. About Haryana

Formed on 01 November 1966, the state of Haryana is strategically located in northwest of India surrounded by Delhi, Rajasthan & Uttar Pradesh with around 30% of the total area of the state falling under National Capital Region (NCR). As in 2016-17, the state stands 21st nationally in terms of area, 18th by population, and 11th in terms of GSDP, with growth rate of around 6.5%. At 44,212 sq. km, Haryana covers 1.3% of the total area of the country, while contributing nearly 3.4% of the India's GDP. The state is home to 2.53 crore people, that is, 48.58 lakh households (30.44 lakh rural plus 18.14 lakh urban) comprising 2.9% of India's population. Haryana is ranked among the first few states with highest per capita income.

In line with the salubrious economic growth of India, Haryana has witnessed healthy growth in its gross state domestic product (GSDP) averaging 8.6% per annum since 2004-05 making it a significant contributor to the national growth story. Since its inception in 1966, in a span of over 5 decades, the state of Haryana has sustainably transformed from an agrarian economy to a well-rounded economy with a thriving secondary sector and tertiary sector. The economy of Haryana, in the last four years i.e. 2013-14 onwards has gradually grown to surpass the all-India average growth rate across primary, secondary and tertiary (services) sector. As in 2016-17, in terms of gross value added (at constant 2011-12 prices), Haryana's primary sector grew at 6.4% (all India average: 4.1%), secondary sector grew at 6.4% (all India average: 5.2%) and tertiary sector grew at 10.8% (all India average: 8.8%).

The manufacturing and tertiary sector have been the brighter spots in Haryana's economic growth story and particularly its industrial transformation. With close to 18% share of manufacturing in the total GSDP of Haryana and growing consistently at a CAGR of 6.6% in the last 5 years, Haryana is the leading state in India in terms of manufacturing GSDP contribution (higher than the national average) with the all-India average manufacturing GSDP contribution (around 17-18%) and competing with industrially advanced states like Gujarat (26-28%) and Maharashtra (18-21%). The tertiary sector, with a 52% GSV contribution of services sector to the total state's GSV, is the largest sector in terms of economic salience for the state with finance, real estate & professional services (11.4%) and public administration, defence and other services (12.7%) as the leading services sub-sectors. Historically too, services sector has been a robust pillar of Haryana's economy. During the period of 11th Five Year Plan, the services sector grew at the average annual growth rate of 12.2 percent. This growth rate of Service Sector was significantly faster than the average annual growth recorded for combined Agriculture and Industry Sectors during this period. The growth of service sector GSV has been continuously above the overall growth during this period.

A thriving manufacturing and tertiary sector has been supported through infrastructural creation, globalization of markets and a resilient economy. The state enjoys a competitive advantage backed by strategic location with 57% area falling within the NCR with 21 national highways (2482 kms. of length) and major rail routes covering the State. On the policy & regulatory front, the Haryana Enterprise Promotion Policy (EPP) 2015 has laid out a transformational roadmap for making Haryana's manufacturing and services enterprises competitive. Haryana has simplified its regulatory environment considerably in a bid to improve ease of doing business in the State.

Today, Haryana is one of the leading states in terms of industrial production, especially passenger cars, mobile cranes, two-wheelers & tractors and the 3rd largest exporter of software. It is also the 2nd largest contributor of food grains to India's central pool and accounts for more than 60% of the export of basmati rice in the country.

2. About the MSME Sector

Micro, Small and Medium Enterprises (MSME) sector has been identified as an engine for socio economic growth and emerging as a vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs provide the largest share of employment after agriculture and hence, development of MSME sector can contribute enormously to the socio-economic development of the country.

MSMEs contribute to nearly 6% of the country's GDP, 33% of the manufacturing output and 45% of the exports and are complementary to large anchor as vendor units (as per the MSME annual Report 2016-17). Further the Micro Small Medium Enterprises Development (MSMED) Act, 2006 seeks to facilitate the development of these enterprises, enhance their competitiveness and provides a legal framework for recognition of both manufacturing and service entities.

The categorization of micro, small and medium enterprises is done based on investment in plant, machinery and equipment (as notified, vide S.O. 1642(E) dtd.29-09-2006) are as under:

- Manufacturing Sector:
 - Micro Enterprises: Does not exceed twenty five lakh rupees
 - Small Enterprises: More than twenty five lakh rupees but does not exceed five crore rupees
 - Medium Enterprises: More than five crore rupees but does not exceed ten crore rupees

- Services Sector:
 - Micro Enterprises: Does not exceed ten lakh rupees:
 - Small Enterprises: More than ten lakh rupees but does not exceed two crore rupees
 - Medium Enterprises: More than two crore rupees but does not exceed five core rupees
(Note: investment in equipment)

The MSME Development Act 2006, provides a regulatory framework for facilitating the development of MSMEs and enhancing competitiveness. It provides a rubric for addressing issues relating to investment ceiling and coverage of the sector. The act empowers the Central Government to undertake programmes and issue guidelines to develop and enhance competitiveness of MSMEs but the primary responsibility of development and promotion of MSMEs rests with the State Government. Some of the key provisions of MSME Act 2006 are:

1. Establishment of national board for MSMEs under the MSME Ministry. The Board's role is to examine the factors responsible for MSME growth, review policies and programs and make recommendations for promotion, development and competitiveness of MSMEs.
2. Provision of first ever legal framework for recognition of the concept of enterprise which comprises of both manufacturing and services enterprises. It defines medium enterprises for the first time and seeks to integrate the three tier of enterprises namely micro, small and medium.
3. Provision for filing of memorandum of enterprises.

3. MSME Sector in Haryana

With a special focus on manufacturing and service enterprises, job creation and balanced regional growth, the Hon'ble Chief Minister has accorded high priority to the development of MSMEs as the catalysers for economic growth in the state. Accordingly, the Haryana Enterprise Promotion Policy 2015 lays out a transformational roadmap for industrial growth of Haryana with MSMEs as focal point of strategic interventions. Haryana EPP 2015 lays special emphasis on focus sectors for the state such as scientific instruments, metal, plywood, light engineering and textile (as traditional clusters), apparel, footwear and dairy (rural functional clusters), textiles and food processing (thrust /focus clusters).

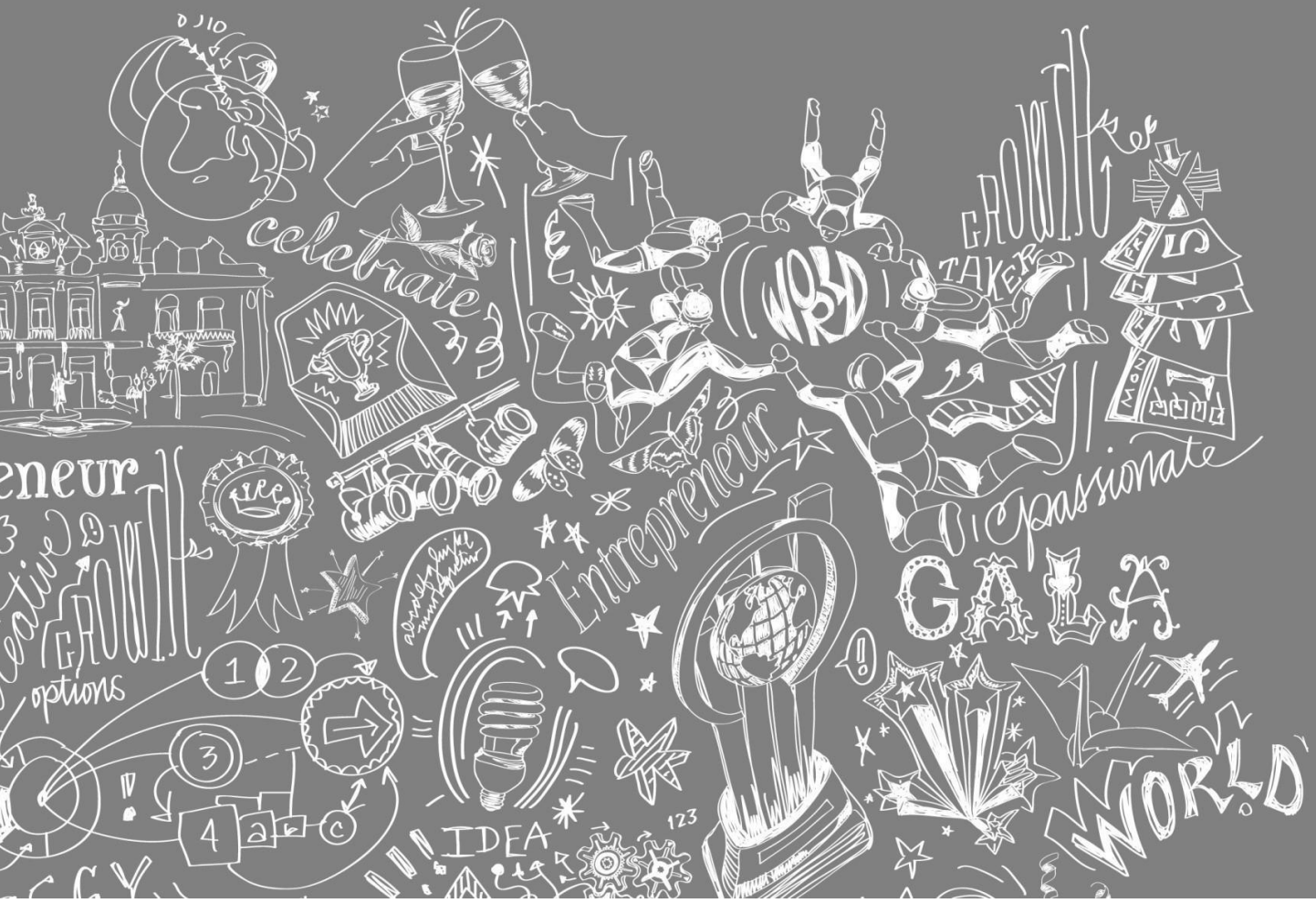
With more than 1,00,000 MSMEs and total investment exceeding Rs.20,000 crore and generating employment for more than 10 lakh persons, the major MSME footprint is in automobile, food & beverages, textiles, engineering and metals sector. The manufacturing MSME spectrum in the state comprises both state of the art medium enterprises (majorly located in Panipat, Faridabad and Gurugram) as well as a large number of traditional micro and small enterprises (majorly located in Panchkula, Ambala, Karnal, Rohtak, Kaithal etc.)

The Haryana Enterprise Promotion Policy 2015 lays down policy framework and fiscal incentives for industries including MSMEs. However, MSME sector is facing lack of access to markets, credit, technology and infrastructure, lack of policy outreach and awareness. The MSMEs also need extra support especially in industrially backward districts.

With strategic industrial projects of national importance, like Delhi-Mumbai Industrial Corridor, Amritsar-Kolkata Industrial Corridor and Kundli-Manesar-Palwal global corridor; augmentation of investor-friendly infrastructure capacities will have to be the top priority so as to leverage the benefits from agglomerations. In parallel, there will be significant thrust on encouraging start-ups and setting up incubation centers to provide a conducive eco-system for MSME.

With a view to provide a conducive eco-system for promoting growth of MSMEs, the “*Haryana MSME Policy-2019*” will aim at augmenting the competitiveness of MSMEs across the thrust sectors of the state by creating state of the art infrastructure, advancing inclusivity through regional balanced growth, creating gainful employment and fostering innovation.

Policy Rationale and Growth Strategy



II. Policy Rationale and Growth Strategy

1. Policy Vision and Objectives

Vision: "Creating Globally Competitive and Locally Relevant MSMEs in Haryana"

Objectives

- 1 Promote balanced regional development through geographical dispersal of industry
- 2 Increase the competitiveness of the MSMEs through cluster development and adoption of quality manufacturing practices
- 3 Facilitate MSMEs in accessing domestic and export markets
- 4 Provide a conducive eco-system for promotion and growth of MSMEs in the thrust sectors of Haryana
- 5 Enable access to finance to MSMEs
- 6 Promote entrepreneurship through start up and incubation support
- 7 Support for revival of sick enterprises.
- 8 Enhance competitiveness through ease of doing business

2. Policy Strategy

To achieve the overall policy objectives, an enabling environment for MSMEs in the state needs to be created. In line with the objectives stated in the Haryana Enterprise Promotion Policy 2015 - ease of doing business, thrust sector growth, geographical dispersal of industries as well as the capacity building and promotional outreach; a holistic policy framework is being laid out.

This policy also aligns itself with major national initiatives like Make in India, Skill India, Digital India and Start-up India and also takes cognizance of 'Ease of Doing Business' initiatives and reform measures taken by the Central and State Government.

The overall strategy has been dovetailed as below:

1. Enabling MSMEs in industrially backward districts for a geographically dispersed growth-
 - a. Division of the state into 4 categories of development blocks viz. A, B, C and D with a varying degree of industrial development. In category D there are no large and medium enterprises but being offered the best incentives to hasten the process of industrial development for improving the regional economy.

- b. New Rural/MSME Parks in industrially backward/ extremely backward blocks of the State on Panchayat lands.
2. Adoption of cluster approach with focus on meeting the credit requirement, upgradation of technology through common facilitation centres, testing labs etc.
 3. Strengthen market linkages and facilitate linking-up of ancillary enterprises of the existing and upcoming Large/anchor industries & Public Sector Undertakings in the state.
 4. Strengthening the industrial infrastructure for MSMEs.
 5. Increase adoption of modernized technology and upgradation.
 6. Promote entrepreneurship by providing start-up support through a dedicated scheme for enterprises, first generation qualified youth and provide incubation support.
 7. Enhance the credit flow to MSMEs by way of scheme incentives and credit facilitation.
 8. Revival and sickness prevention support to MSME units through institutional and policy support.
 9. Manufacturing Incubation Centres (MIC) in the developed industrial areas for new age competitive MSMEs.
 10. Capacity building and institutional strengthening of MSME related Government support agencies.

Operative Period of the Policy



III. Operative Period of the Policy

This Policy shall come into effect from the date of its notification in the official Gazette. Department will constitute a committee to review the impact of policy every 3 years to review and revise the policy to take into consideration the latest changes in the MSME Ecosystem.

Incentives, concessions and assistance to the MSMEs would be available to those who are eligible as per the provisions of Haryana Enterprise Promotion Policy (EPP) 2015.

Policy Framework



IV. Policy Framework

The overall policy framework is designed to create an enabling environment for MSMEs in the state by enabling access to finance, markets, technology as well as addressing industrial sickness as these remain to be the biggest pain points for MSME sector today.

The MSME Policy for Haryana 2019 has further adopted a comprehensive approach by aligning itself with the Haryana Enterprise Promotion Policy 2015 and dovetailing strategies for skill development, cluster development and institutional strengthening.

1. Cluster Development

- a. In leveraging economies of agglomeration, cluster approach shall be followed to promote the traditional clusters (scientific Instruments, metal industry, plywood industry, light engineering and textile), Rural Functional Clusters (Apparel, Footwear and Dairy) and Thrust /Focus Clusters (Textiles and food processing) in the state.
- b. Haryana has become the first state to introduce **Mini Cluster Development Scheme** covering cluster interventions uptoRs. 2 crores. The scheme will be implemented phase-wise, with **25 Mini Clusters** identified for proposed interventions in the first phase. Based upon the success and impact of interventions in the first phase, the scheme will be scaled up with additional mini clusters to be taken up in the next phase.
- c. The state shall also promote advance manufacturing clusters such as Electronics Manufacturing Clusters (EMCs) by covering 50% of the project cost in Greenfield EMCs and 75% cost in brown field EMCs, with a maximum investment of Rs. 50 crores.
- d. The state government shall provide incentives for infrastructure development across the traditional and thrust category clusters. The state Government will develop Flatted Factory Complexes on lease basis on panchayat lands with 24X7 power supply, reduced power tariff, employment generation subsidy, last mile connectivity and permission for CLUs in Agri zones in A, B, C & D category blocks. The flatted factory complexes will involve grant in aid of 50% of project cost up to a maximum of Rs. 5 Crore for developing flatted factories on minimum 5 acres of land.
- e. Based on concentration of industrial activities, **25 clusters** have been identified for development/support across the state involving more than 6,000 MSMEs. The cluster development initiatives in these clusters will be implemented under the MSE- Cluster Development Project (MSE-CDP). The clusters under MSE-CDP will be eligible for financial support for creation of common facilities/infrastructure.
- f. The mini cluster scheme shall be extended to the services sector. The type of services that can avail under the mini cluster scheme shall be defined.
- g. For implementation of cluster development projects in Haryana under MSE-CDP and Mini Cluster Scheme, a **Cluster Development Co-ordination Committee (CDCC)** shall be constituted under the Chairmanship of Director of Industries & Commerce, Government of Haryana (GoH).
- h. A dedicated **Cluster Development Cell** shall also be set up within the Department of Industries and Commerce, Government of Haryana. The cluster development cell shall be responsible for identifying, mapping, preparing DPRs, monitoring the implementation and assessing the impact of cluster development initiatives on regular basis.

- i. The department's capacity will be augmented comprising of professionals with managerial and technical expertise along with Cluster Development Managers for focused clusters in the state.
- j. A dedicated **sectoral experts** for each of the focus sectors of Haryana as stated in Haryana EPP 2015 shall also be set within the Department of Industries and Commerce to implement and monitor the sector specific development activities. This will help department to look into specific issues and challenges and develop focused policy and implementation framework to promote these sectors.

2. Enhancing Access to Markets

- a. The state shall use the new age marketing platforms such as e-commerce portal for online trading, marketing of MSMEs/ Khadi/ Handicraft products. The portal will promote the "Made in Haryana" brand to the national and international audience. Financial provision of Rs. 10 crore have been made for this purpose in the Haryana EPP 2015.
- b. **Global Market Intelligence cell (GMIC)** shall be set within the Department of Industries and Commerce for tracking and forecasting demand, detailed project reporting and profiling, demand aggregation and linkages with raw materials and technology. GMIC will help department to disseminate the market information in regular interval with use of advance analytics. The cell shall also be responsible for collecting data on MSMEs on regular intervals to aide policy revision and implementation guidelines.
- c. In order to develop the market capabilities of MSMEs as vendor units, the state government shall strengthen the supply side industrial ecosystem by promoting establishment of ancillary units near large units. New vendor units in the focus sector shall be established in premises or within the radius of 50km from mega scale industrial unit in electronics, chemical & petrochemical, pharmaceutical, engineering, textile & automobile sectors, with eligibility for the same package of incentives as given to the large unit. **The large unit shall be permitted to 'sub-lease' the land to the vendor unit.**
- d. The Department of Industries & Commerce in collaboration with other government agencies, such as MoMSME, etc. shall organize annual buyer seller meet and vendor development programmes of industries, Central Public Sector Units (CPSU) and major State Public Sector Units (SPSUs).
- e. **Vendor Registration Campaigns** and buyer-seller meets shall be organised by the DICs at the district level. The staff capacity and capability at the DIC level shall be augmented through training, hiring of professionals with technical and managerial expertise.
- f. **Mandatory procurement preference** from MSMEs shall be governed as per the provisions under the Haryana State Public Procurement Policy for MSMEs 2016.
- g. Special focus shall be accorded to the Handicraft sector including artisans/craft persons/ weavers of the State for promotion of handicraft activities. The handicraft artisans shall also be effectively linked with marketing related organizations / institutions / agencies with an access to the e-commerce portal. Department shall strive to have annual **Global Handicraft Summit** to promote local artisans and attract the global buyers.

- h. **Incentives framework** for MSMEs for quality certification, patent registration, design adoption, freight assistance and market development etc. under Haryana EPP 2015. Refer chapter V for fiscal incentives framework given in Haryana EPP 2015.

3. Enhancing Access to Infrastructure

- a. Special focus shall be laid on MSMEs to leverage initiatives under the Central Government's Make in India drive, including creating adequate number of developed sheds / flatted factories in Industrial Estates for MSMEs on Panchayat lands on lease basis.
- b. To facilitate geographical dispersal of industry, HSIIDC shall explore the possibility of setting up MSME Parks in industrially backward/ extremely backward blocks of the State on Panchayat lands depending on potential and demand. Additionally, the state shall identify the existing industrial estates / areas which need upgradation of critical infrastructure and shall be taken up on priority.
- c. The state shall explore the option of industries associations forming Special Purpose Vehicles for operation and maintenance activities in the Industrial Estates.
- d. The industries department shall identify the existing industrial estates/areas which require upgradation of infrastructure. These industrial estates shall be taken up on priority and infrastructure with respect to upgradation of roads, streetlights, drainage & sewerage etc. shall be done.
- e. Extending the applicability of availing incentives to all MSMEs in the state under Haryana EPP 2015 and Haryana MSME Policy 2019, irrespective of being located in conforming or non-conforming zone, subject to having an electricity and water connection as well being covered under GST provisions of the state. Detailed notifications and guidelines shall be issued by the Industries Department in consultation with related Departments.
- f. The department shall facilitate the shifting of units from non-conforming to the conforming zone wherever possible as per the State's relocation policy notified vide Memo No. DULB/CTP/TP/A2/2016/5534-40 dated 04.08.2016.
- g. The industrial units for which the shifting is not possible from non-confirming zone, the department in consultation with other related departments may facilitate required approvals after considering all required norms.
- h. The Auto CLUs shall be granted to the industries in the low, medium, high zones for white, orange and green categories.
- i. The grant for CLUs in agri-zones will be based on low, medium, high and hyper zones as per their norms, as per the recent notification of Department of Town & Country Planning, Haryana. The grant for CLUs in Agriculture zone shall be based on the criteria adopted by the Department of Town & Country Planning. A maximum area of 2 acres would be permissible for small scale industrial units and a maximum area of 10 acres may be permissible for medium scale Industrial units to be set up in Medium Potential Zones, subject to submission of a utilization plan. There should be no area limits prescribed for units to be located in low potential zones.
- j. The industries department after consultation with concerned departments shall bring in scheme for regularization of transfers, leasing etc. in old industrial areas.

- k. For facilitating access to infrastructure for MSMEs, the State government has introduced a number of fiscal incentives including interest subsidy, assistance for environment compliance, exemption of CLU / EDC charges, electricity duty exemption.
- l. To promote the creation of infrastructure, the following schemes and additional incentives are being provided by the State Government over the Haryana EPP 2015.

Name of the scheme	Component of the scheme	Proposed contribution as per the Haryana MSME Policy 2019
Cluster Plug and Play	Grant in aid	Grant in aid of 50% of project cost up to a maximum of Rs. 5 Crore for developing flatted factories in minimum 5 acres of land.
State Mini Revamped Scheme Fund for Regeneration of Traditional Industries (SFURTI) Scheme	Grant in aid	Heritage clusters - Grant in aid of 90% of project cost up to Rs. 3 crore Major clusters - Grant in aid of 90% of project cost up to Rs. 1.5 crore Mini clusters - Grant in aid of 90% of project cost up to Rs. 0.75 crore
State Renewable Energy Scheme	Grant in aid	Interest subsidy on term loan to the tune of 5% (maximum up to Rs. 10lakh per year)

4. Enhancing Access to Technology

- a. The state Government shall strive to revive, upgrade and expand the network of Quality Marking Centres and create sector-focused Testing, Calibration & IP facilitation centres (TCIP).
- b. The state Government shall also incentivize audit of water, energy and safety to promote technology adoption by incentive as given in the chapter V of Haryana EPP 2015.
- c. The state Government shall increase awareness of schemes of Government of India for adoption of cutting edge technology by MSMEs such as CLCSS (Credit Linked Capital Subsidy Scheme), TEQUP, Lean Manufacturing, QMS and QTT (Quality Management Standards and Quality Technology Tools) and ZED (Zero Effect Zero Defect).
- d. The state Government shall promote the concept of Swachh Haryana through promotion of green and clean technologies, waste minimization and recycling etc. Subsidies shall be provided for constructing effluent treatment plant and sewage treatment plant for industrial purpose, especially zero discharge systems by Industry Associations / SPV in industrial areas/ clusters.
- e. The following schemes will be notified under this policy in addition to Haryana EPP 2015:

Name of the scheme	Component of the scheme	Proposed contribution as per the Haryana MSME Policy 2019
Mini Lean Cluster Scheme (MLCS)	Project cost for each cluster	Project cost of 80% or up to Rs. 2 lakh per unit Ideal no. of units - 10

Name of the scheme	Component of the scheme	Proposed contribution as per the Haryana MSME Policy 2019
Haryana -Credit Linked Advance Technology Adoption Scheme		Subsidy of 50% or Rs. 15 lakh whichever is lower for adopting advance manufacturing technologies.
Promotion of Information and Communication Technology (ICT) in MSME Sector	Cloud Computing	Support for cloud based ERP solution with subsidy of 75% or up to Rs. 3.0 Lakh for two years per MSE on reimbursable basis.

5. Entrepreneurship and Skill Development

- a. The State Government shall promote entrepreneurship in the state through financial assistance under the Entrepreneurship Development Programme (EDP). (Refer chapter V for fiscal incentives framework given in Haryana EPP 2015).
- b. The State Government shall promote start-ups and budding entrepreneurs. HSIIDC shall develop flatted factory complexes, including plug-and play facilities, for MSMEs with uninterrupted power supply and enabling infrastructure also to be known as Manufacturing Incubation Centres. A grant in aid of 50% of project cost up to a maximum of Rs. 5 Crore shall be provided for developing flatted factories in minimum 5 acres of land.
- c. For imparting training to the workers of existing MSMEs through technical training providers and shop-floor trainings, a dedicated scheme for Skill Development & Training for Potential/Existing Workers in MSMEs is being proposed as part of the MSME Policy for Haryana 2019. Under this scheme, the existing infrastructure available with the industry, Governments, Educational Institutions and others will be utilized to set up the training classrooms and workshops.

Name of the scheme	Component of the scheme	Quantum of Assistance under the Haryana MSME Policy 2019
Skill Development & Training for Potential/Existing Workers in MSMEs	Training cost reimbursement	The financial assistance will be provided as re-imbusement to the MSME for sharing of basic training cost of the worker without any formal technical training to the tune of maximum 50% of the training cost limited to maximum Rs. 5000/- per worker per training program in span of 6 months

6. Enhancing Access to Finance

As per the new guidelines of SEBI, SMEs can raise equity capital through SME Exchange. The NSEs/BSEs SME exchange platforms offer an innovative platform for capital raising to high potential SMEs. The SMEs can get themselves listed on the

SME exchange which entails multiple benefits in terms of raising risk capital, gaining visibility & credibility vis-a vis large corporates. This is a promising step towards enabling financial access to SMEs by providing a new source for equity and reducing their dependence on debt capital which otherwise results in distorted capital structures and stifled cash flows. However, the process of getting listed on the NSE/BSE exchange entails substantial cost investment in terms of security deposit, initial listing fees.

In view of this, a number of state Governments such as Government of Gujarat, Government of Rajasthan, have introduced assistance scheme to encourage listing of SMEs. On similar lines, with close to 1, 00, 000 SMEs, Haryana is strongly positioned towards assisting SMEs in raising capital through the SME exchange. Therefore, the state shall encourage the SMEs to opt for raising of capital through SME exchanges by way of reimbursement of percentage of expenses incurred on raising of funds through a pre-defined upper limit. The roadmap towards assisting SMEs in raising capital through SME exchange is as follows:

- The state shall provide **onetime support of 20% of expenditure incurred on raising of fund towards registration on NSE's/BSE's SME exchange platform upto a maximum of Rs. 5 lakh after successful raising of equity.**
- The state shall explore the possibility of setting up a government sponsored **SME equity participation fund in partnership with SIDBI and National Stock Exchange of India Limited/Bombay Stock Exchange Limited.**
 - The fund will invest in the IPOs of high potential SMEs, in both manufacturing and services sector.
 - The fund shall be managed by a fund manager who will be Government appointed agency. The appointed fund manager will control the investments related decision making of the fund. This will be done by a third party due diligence and its report will be submitted to the fund manager.
 - The listing of securities of the investee company on NSE/BSE to support the creation of liquidity for the investment.
 - Such companies will be enrolling for NSE/BSE Capital Markets Program, which shall include physical and virtual participation in training and awareness activities. This will also include:
 - Providing certification modules to ensure that the compliance officer/ chief financial officer of the investee undertaking are well versed with pre/post listing regulatory processes and compliance obligations of a listed company.

The Department of Industries & Commerce shall set up Credit Facilitation Cell as part of the proposed MSME Cell (proposed in the next section). The Credit facilitation cell will extend

facilitation support to Micro, Small & Medium Enterprises (MSMEs) in seeking credit from financial institutions by providing them required information and help in documentation.

7. Sick Unit Revival Support

1. The state Government shall formulate a **policy roadmap for sick unit revival and rehabilitation in the state** and create a dedicated **Sick Unit Revival and Rehabilitation Support Cell**. The cell shall operate as part of the proposed MSME Cell (within the Department of Industries & Commerce) and draw members from Government, Financial Institutions (FIs) and area experts (finance). The cell shall function as a credit facilitator for sick but potentially viable units by establishing financial linkages with FIs and lay down/ streamline the procedure adopted by the FIs before declaring a unit as unviable.
2. To fasten and streamline the process of identification of sick unit as well for an early detection of incipient sickness, the state Government shall conduct district-wise surveys and create district level sick units database for Haryana. The district wise surveys shall also serve as the basis for extending sick unit credit facilitation support in the District Industries Centres by positioning experts and ex-bankers. The state Government shall design the roadmap for sick unit revival and rehabilitation in line with Reserve Bank of India (RBIs) framework for identification, nursing and providing rehabilitation package to potentially viable sick units of the state.
3. The identified viable sick MSMEs shall be assisted at par with new industrial units for assistance / incentives admissible under this policy.
4. An Empowered Committee under the Chairmanship of Principal Secretary shall be set up to oversee the flow of credit to MSMEs for potentially viable sick units as identified on a quarterly basis. In facilitating and monitoring credit flow, the empowered committee shall be supported by a dedicated Program Management Unit consisting of professionals which shall be established within the Department of Industries & Commerce.
5. The State Government shall work closely with the Government of India in formulation and adoption of an Exit Policy and Sick Units policy for the MSMEs.

8. Institutional Strengthening and Capacity Building

- a. The state Government shall set up **Grievance Redressal Cell** to effectively and promptly resolve the grievances and complaints of micro & small enterprises and industry associations pertaining issues related to delayed payments, registration, approvals, clearances, etc. The Grievance Redressal Cell shall operate as part of the proposed MSME Cell (Department of Industries & Commerce, Haryana) through a dedicated online grievance management portal and 24X7 grievance helpline for MSEs. The grievance redressal cell shall be aligned with the 3 tier grievance redressal committees as proposed in the Haryana Enterprise Promotion Policy 2015.
- b. The state Government through the Department of Industries & Commerce shall set up an MSME Advisory Committee as a State Level Committee under the chairmanship of Industries & Commerce Minister with leading MSME Industry Associations of the state as members. The committee shall also have members drawn from other related departments such as State Pollution Control Board, HSIIDC, and Haryana Electricity Regulatory Commission etc. The

Committee would deliberate on issues in the larger interest of the MSMEs in the State and put forward its suggestions to the State Government every 6 months. Minutes of these meetings should be part of the review and impact of MSME policies. The inputs shall be mapped into the future policy revisions.

- c. The DICs shall be the nodal agency for development of MSMEs in the state. These will be strengthened and re-positioned as Enterprise Assistance Group (EAG). The primary role of the DICs will be to facilitate enterprises across the lifecycle-right from inception to operation in terms of registration, requisite approvals, clearances and implementation support. An important aspect of the DIC strengthening will be positioning professionals specializing in finance, marketing, operations, etc. across all the DICs of the state in a phased manner. The proposed organization revamping will be done by a professional agency which shall be hired by the Department of Industries & Commerce. In the first phase, 10 DICs will be targeted for this proposed revamping while will scaled up to all the 21 DICs in the second phase).
- d. The Department of Industries & Commerce shall set-up a dedicated cell for MSMEs at Chandigarh under the direct supervision of Director, Industries & Commerce, Haryana for an effective interface with the central government ministries / departments / multilateral agencies for benefit of MSMEs of Haryana.
- e. A facilitation desk shall be set up in each DIC across Haryana for handhold support to MSME entrepreneurs for providing handholding, information and issue resolution assistance related to set-up, finance and operations. These desks will also be responsible for imparting awareness on the various central and state government schemes to the investors and enable them to leverage the schemes as per their eligibility. The facilitation desks shall be represented by professionals / technical experts to support entrepreneurs / investors.
- f. Letter of Intent may be issued by the DIC to the prospective industrialist stating that the investor is entitled to the applicable subsidies if this particular type of project is setup in the specified location subject to fulfilment of all subsidy/incentive requirements.

Fiscal Incentives as per the Haryana Enterprises Promotion Policy 2015



V. Fiscal Incentives as per the Haryana Enterprise Promotion Policy 2015

- a. The State Government under the EPP 2015 has made provisions for sharing the escalation in cost of project with the Special Purpose Vehicles (SPV) under the Government of India's Micro and Small Enterprises Cluster Development Program (MSE-CDP) scheme. The state government shall contribute 20% of the project cost upto 15 cr, and 50% of the project cost exceeding Rs. 15 Crore and up to Rs. 20 Crore. This is applicable for cases which have applied after the notification of EPP 2015.

Now, under the Haryana MSME Policy 2019, "The state government after due diligence shall bear 50% of the escalation cost along with the SPV for projects approved under the MSE CDP having total project cost up to 15 cores, and coming into commercial operation after the notification of EPP 2015."

- b. Some of the incentives provided in B, C and D block (as per Haryana EPP 2015) mentioned below shall also be extended to A Block in the MSME policy for Haryana 2019. However, these incentives shall be provided on reimbursement basis only and no exemption will be provided.

Cluster Development		
Incentive	Eligibility	Description
Stamp Duty Refund	Micro and Small enterprises in 'A', 'B', 'C' & D category block	100% refund of stamp duty on purchase/leasing of land for establishment of enterprise including Industrial Estates developed by HSIIDC/ private developer in 'D' category blocks, 75% in 'C' category blocks and 50% in 'A', 'B' Category blocks within 5 years from the date of filing of EM.
CLU / EDC charges	MSMEs in 'A', 'B', 'C' & 'D' category blocks shall be offered.	50% exemption of conversion charges and EDC.
Electricity Duty Exemption	All new MSMEs in 'A', 'B', 'C' & 'D' category blocks	100% exemption for 7 years shall be provided from the date of release of electricity connection.

*All Incentives to be provided on reimbursement basis