



Micro, Small and Medium Industries Policy 2008

**Micro, Small & Medium Enterprises Department
Government of Tamil Nadu**

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Micro, Small and Medium Industries Policy-2008

1. Introduction

Tamil Nadu is one of the well-developed States in terms of industrial development. In the post liberalization era, the State has emerged as one of the front-runners in attracting large number of domestic and foreign investors. In 2006-2007, the manufacturing sector at constant prices contributed 20.23% to Tamil Nadu's Gross State Domestic Product, while services sector contributed 59.1% of Tamil Nadu's Gross State Domestic Product. Government with a view to stimulate further industrial development, attract investment, facilitate new manufacturing capacity and enable global manufacturing competence and competitiveness of local industry, has announced the 'New Industrial Policy 2007' on 5th November 2007.

Small and Medium Enterprise (SME) sector does get special attention and support all over the world, even in the developed countries. While some of the issues and problems facing the industry sector are common and have been covered in the above policy, Micro, Small and Medium Enterprises (MSMEs) sector suffers from certain handicaps and as such would need special support. Government in the Policy Note for Small Industries Department for the year 2006-07 announced that a policy for the development of Micro and Small Enterprises in the State would be formulated in consultation with industry and in harmony with the broad objectives of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

Vision, Mission, Objectives and Strategies

VISION

- Enhance the competitiveness and scalable capacity of the Micro, Small and Medium Enterprises sector in Tamil Nadu.
- Encourage agro based industries for increasing value addition and giving better income to the farmers.

- Target a sustained annual growth rate of over 10% for Micro, Small and Medium Enterprises .
- Promote 10 lakh direct and indirect employment opportunities during the XI Plan period.

MISSION

MISSION

Our mission is to accelerate development in Tamil Nadu by maximizing investment, output, growth, employment and manufacturing competitiveness through infrastructure and human resources development in Micro, Small and Medium Enterprises sector.

OBJECTIVES

The following are the key objectives of this Policy.

- To revive the Micro, Small and Medium Enterprises in the State and enable them to become competitive in a WTO compliant global market and become world leader in select segments.
- To reduce regional imbalances in the industrial development within the State and to facilitate setting up of Micro, Small and Medium Enterprises in backward areas of the State.
- To encourage modernisation and upgradation of technology in traditional sectors for having competitive edge in the wake of liberalisation and globalisation.
- To create employment opportunities particularly to the vulnerable sections of the society and rural people, ensuring inclusive development.
- To provide skill development and training for educated youth to develop entrepreneurial skills and make them self-employed.
- To create infrastructure facilities, provide incentives and marketing as well as technical support to the Micro, Small and Medium Enterprises.

- To cater to the quality testing requirements of Industries in general and to Micro, Small and Medium Enterprises in particular.
- To reduce procedural formalities to speed up industrialisation.

STRATEGIES

- Creating and upgrading industrial estates and infrastructure facilities by the Public Sector and also encouraging setting up of industrial estates under the Public Private Partnership / Private modes.
- Creation of common infrastructure facilities / services in industrial clusters by supplementing the cluster development schemes available from Government of India.
- Providing subsidy assistance to Micro, Small and Medium Enterprises setup in industrially backward areas and also to specific sub-sectors like Agro Industries, Sago, Tea, Coir, etc.
- Providing special capital subsidy assistance to Micro, Small and Medium Enterprises in thrust sectors, set up anywhere in the State.
- Providing back-ended interest subsidy assistance to Micro, Small and Medium Enterprises for Technology Upgradation and Modernisation.
- Promote entrepreneur development and sector specific skill development training programmes to match the emerging skill needs in coordination with industry.
- Taking up evaluation of the working of the various schemes and also continuously reviewing procedures to ensure simplification and procedural re-engineering with third party assistance.
- Ensuring faster and timely flow of credit and extending the process of Credit Guarantee Fund Trust Scheme (CGFTS) to cover all loans to the Micro Enterprises sector.

- Providing and ensuring access to information for availing of benefit of various promotional schemes of Government.
- Provide incentives for adoption of low cost environment-friendly technologies.
- Mitigate incipient sickness and rehabilitation of sick Micro, Small and Medium Enterprises.
- Promote Industry-Academia-Government collaboration for Research and Development, innovations and diffusion of technology in Micro, Small and Medium Enterprises Sector.
- Simplifying regulations and procedures and ensure speedier clearances by Single Window Clearance mechanism.

2. Background

Definitions of Small and Medium Enterprises (SME) vary from country to country, depending on one or more of thresholds laid down in respect of investment, employment, turnover etc. All the same, Small and Medium Enterprises have been engines of industrial growth the world over. Broadly speaking almost 90% of the manufacturing units in the world fall in this sector and support over 80% of industrial employment.

Government of India have adopted investment limit in terms of the value of plant and machinery items of an industrial unit, as the sole criterion for defining the Small Scale Industry (SSI) sector. In its pursuit to help the sector to grow further, the investment limit of the SSI sector has been raised from time to time, ranging from Rs.5 Lakhs in plant and machinery value in the year 1960 to Rs.500 Lakhs in plant and machinery value in 2006.

As a response to the long standing demand of the SSI sector and considering the emergent need to provide a legal framework to address the developmental concerns of what is globally known as “Small and Medium Enterprises” Government of India in its recent enactment of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006,

has changed the nomenclature of SSI sector into SME sector, giving due importance to the enterprise segment and at the same time bringing or merging the medium sector into its fold. Salient features of the Act are given below.

- The Act defines **‘Enterprises’** instead of **“Industry”** to give due recognition to the Service Sector.
- **Manufacturing Enterprises** have been defined in terms of investment in plant and machinery (excluding land & buildings) and further classified into:-
 - *Micro Manufacturing Enterprises*– Investment up to Rs. 25 lakhs
 - *Small Manufacturing Enterprises*–Investment above Rs. 25 lakhs and upto Rs. 5 Crores
 - *Medium Manufacturing Enterprises*–Investment above Rs. 5 Crores and upto Rs. 10 Crores.
- **Service Enterprises** have been defined in terms of their investment in equipment (excluding land & buildings) and further classified into:-
 - *Micro Service Enterprises* – Investment upto Rs. 10 lakhs.
 - *Small Service Enterprises* - Investment above Rs. 10 lakhs and upto Rs. 2 Crores.
 - *Medium Service Enterprises* – Investment above Rs. 2 Crores and upto Rs. 5 Crores.

Tamil Nadu is and has been among the most industrialised States in the country with a very diversified industrial base. It is ranked among the top three states in the country in industrial output, value addition, number of factories, and total workforce in the factories. The State has a substantial share in the production of cement, sugar, textiles, leather, chemical and fertilizer, auto and light engineering etc., in the country. In the process of building the industrial capacity that is available today in the State, the

role of transport, communication and other forms of industry support infrastructure like industrial estates, banking and financial services, human resources has been significant.

In the process of the above growth and maturity of industrialisation in Tamil Nadu, Micro and Small Enterprises (MSEs) have supported and have been largely supported by Medium and Large Industry. The MSE sector is a vibrant and vital sector of the State economy in terms of employment generation and share of production. The MSE sector accounts for more than 95% of all industrial units, about 40% of the output in manufacturing sector and 35% of exports. There are nearly 5.30 lakhs registered MSE/SSI units in Tamil Nadu as on 31.3.2007 providing employment to over 37 lakhs persons with a total investment of around Rs.16817 Crores. As employment generation of the sector is next only to agricultural and allied sectors, it is a powerful engine for realizing the twin objectives of '*accelerated industrial growth*' and '*creation of additional productive employment potential*' in rural and backward areas. There is also in Tamil Nadu, behind the scenes, a substantial unregistered sector of over 6 lakhs units which serve as a nursery for entrepreneurial talent.

3. Need for Policy for Micro, Small and Medium Industries

With the opening up of the economy and the introduction of economic reforms, the challenges faced by and opportunities to this sector have increased manifold. Reduction in trade barriers and improvement in information technology and communication now allow companies to source products and services from the cheapest and most efficient sources across the globe. The process of opening up of the economy and competition in the market has accelerated and must be taken into account when formulating new policy initiatives. The MSMEs should have the ability to respond effectively to change.

Global practices have come to the Indian market and a high level of technological sophistication is being expected of MSMEs. In this process of forced and accelerated metamorphosis, it is necessary to look at MSMEs

in a disaggregated manner. Upgradation of standards is also enabling these MSMEs to export in their own right. To remain competitive MSMEs must constantly upgrade technology and make fresh investments. Government policy must facilitate a seamless movement from small to medium and large scale sectors. This process must also ensure that the employment intensity of operations, which is crucial to MSMEs, is retained.

The opening up of Indian markets to global competition implies that sub-standard products would be faced with dwindling space in the Indian market. The basic policy thrust in the MSMEs sector must, therefore, be on '*enhancing competitiveness*' and '*promoting job creation*'. In this setting, it has become imperative for Government to create a supporting environment for the Industry and the Industrial policy needs to define the role of Government as a facilitator and a catalyst.

One has to ensure that while those sub-sectors which have the resilience and strength to cope and thrive get the encouragement to do so, others which need help to adjust to the pace of change or to even just to survive, are given the subsidies and supports needed to do so. In other words, in a country where mobility of employment is limited, where deskilling and skilling are happening at a rapid rate, a sector which employs a large workforce and manufactures a range of products ranging from pins to aircraft components, cannot be viewed from a perspective of growth which applauds only the fittest of the traditional and the brightest of the sunrise sub sectors. This is even more compelling when most developed countries are proactive in market support to MSMEs and have strong support systems in place to help technology upgradation, skill building and networking.

If increasing competitiveness and being part of a larger production chain is crucial to Small and Medium Scale sector in the State, in Micro sector, issues of marketing, technology upgradation, designing and arresting the decline in the production have become critical. MSMEs should be enabled to access the latest technology, indigenous R & D and innovation trends need to be encouraged and infrastructure improved. Government,

industry, research institutions and academia interaction should be facilitated and encouraged to work in collaboration to improve industry capabilities. Firms should be able to obtain credit easily and cheaply and should invest in developing technology.

In a labour surplus economy like India, the need for policies and programmes to promote employment generation is of paramount importance. Manufacturing Sector has to carry the major burden of increasing employment opportunities in the coming decades directly or indirectly. This is particularly valid for the unemployed persons coming from rural and agricultural sectors. Growth of manufacturing sector lends greater support to Agriculture through more intensive efforts on agro-based Industries. It also creates strong multiplier effects in the services sector in areas like traditional trading, financial services, transport etc. Therefore, the overall employment effect of manufacturing would have to include the indirect generation of employment in the services sector. Besides, within the service sector those of the sub-sectors that are linked to the manufacturing directly need to be concentrated upon as they provide substantial job opportunities. It is, therefore, necessary that robust growth of the manufacturing sector is ensured for creating overall growth and employment possibilities in the economy.

Considering the fact that the Micro, Small and Medium Enterprises sector accounts for the major share in number of industrial units, output in manufacturing sector and exports in the State besides being a major employment provider next only to agriculture, the need for vitalising this sector assumes greater importance. Further the Micro and Small Industries Associations in the State have been continuously pressing for a separate Policy for the development of Micro and Small Enterprises in the State. All these have warranted a separate policy for the first time, exclusively for Micro, Small and Medium Enterprises sector.

While planning for growth, it is also appropriate that timely and adequate attention is also paid to the needs of Enterprises which fall sick so that

resources deployed are put to productive use. To facilitate this process, the MSME Policy also incorporates in **Annexure-I**, a structured approach for handling these matters.

4. Policy interventions

4.1. Infrastructure Support

4.1.1. Upgradation of existing industrial estates

Infrastructure upgradation work in all industrial estates of Tamilnadu Small Industries Development Corporation (SIDCO) and Departmental and co-operative industrial estates would be taken up on priority basis.

4.1.2. Establishment of new industrial estates.

State Industries Promotion Corporation of Tamilnadu Ltd., (SIPCOT) will allot up to 20% land in all new / expansion schemes undertaken by SIPCOT to MSMEs to promote ancillarisation. In estates developed by SIDCO in the XI Plan period, upto 30% of the area will be reserved for Micro Enterprises, with allotment not exceeding 15 cents. Subject to demand, ten estates will be developed as Greenfield ventures or as expansions of existing estates and completed by SIDCO during the XI plan including exclusive estates for the micro sector at Madhavaram (Tiruvallur district), Vinnamangalam (Vellore district) and Bargur (Krishnagiri district) and at a suitable location in Coimbatore District.

4.1.3. Establishment of multi-storied flatted estates

In addition to the above, multi-storied flatted estates will be developed by SIDCO exclusively for the Micro sector within a radius of 25 kms of the Chennai city centre. These will be taken up and completed by 2010.

Liberal FSI would be considered for plotted development, up to 1.5 to 1.75 for industrial sheds and up to 2.5 for multi-storied industrial units.

4.1.4. Stamp duty exemption

Enterprises in SIDCO or Government developed estates for Micro and Small Enterprises sectors will be entitled to 50% rebate on stamp duty

and registration at the time of original allotment, based on the transfer value fixed by SIDCO or Government in respect of such estates. In respect of Micro and Small Enterprises set up in industrially backward areas, the 50% rebate on stamp duty and registration would be reimbursed after commencement of production.

4.1.5. Privately developed estates.

- Government will encourage the development of industrial estates by the private sector, outside a radius of 30 kms from Chennai city centre. Conditions for approval of the estates are given in the **Annexure-II.**
- For such approved estates of 50 acres and above in size, the State Government will provide an infrastructure subsidy to the extent of 20% of approved infrastructure items subject to a ceiling of Rs.1 Crore per estate.
- There will be no objection for the developer sourcing infrastructure grants from Government of India also subject to the conditions that the State subsidy will be restricted to ensure the promoter contribution is not less than 40%.
- Entrepreneurs in such privately developed estates will be entitled to 50% rebate on stamp duty and registration at the time of original allotment based on the guideline value.
- In the case of all such proposals the land has to be arranged by the private developer.
- The TNEB will arrange at its cost, industrial feeders to the estate to ensure uninterrupted power.

4.1.6. Raw Material Supply

SIDCO will take steps on a Public Private Partnership mode wherever feasible to streamline supply of essential raw materials to Micro and Small Enterprises.

5. Direct catalytic subsidy support

5.1. Support to Micro Manufacturing Enterprises

All Micro Manufacturing Enterprises established any where in the State will be eligible for the following incentives.

5.1.1. Capital Subsidy

A capital subsidy will be extended at the rate of 15% on eligible plant and machinery as indicated in the Micro, Small and Medium Enterprises Development (MSMED) Act 2006 and Rules.

5.1.2. Low Tension Power Tariff (LTPT) subsidy

Low Tension Power Tariff (LTPT) subsidy will be available at a flat rate of 20% for the first 36 months from the date of commencement of production or from the date of power connection, whichever is later, after allotment of an Entrepreneur Memorandum (Part 2) number from the District Industries Centres.

5.1.3. Subsidy on the assessed Value Added Tax (VAT)

All Micro Manufacturing Enterprises will be entitled to a subsidy equal to the assessed Value Added Tax (VAT) paid by them for the first six years after commencement of production. The total subsidy entitlement over the period would be upto the value of investments made in plant and machinery at the time of allotment of an Entrepreneur Memorandum (EM) number (Part 2) by the District Industries Centres. The subsidy will be disbursed by Industries Commissioner and Director of Industries and Commerce based on guidelines which will be issued separately.

5.1.4. Stamp duty exemption

Micro Manufacturing Enterprises will be exempted from payment of stamp duty on mortgaged and pledged documents.

5.2. Support to Micro, Small and Medium Manufacturing Enterprises in Backward areas.

In the **251** blocks notified as backward listed in **Annexure-III** and industrial estates promoted by the Government and Government Agencies like SIPCOT, SIDCO, etc., (excluding industrial estates located within the radius of 50 Kms from Chennai city centre) the following subsidies will be extended to eligible Micro, Small and Medium Manufacturing Enterprises, which include enterprises undertaking manufacturing on job work basis which involves processing and physical movement of raw materials / goods / and or components. These subsidies will also be eligible for enterprises taking up substantial expansion / diversification of their existing activities on the incremental assets created towards expansion / diversification.

5.2.1. Capital subsidy

A capital subsidy will be extended at the rate of 15% on eligible plant and machinery as indicated in the Micro, Small and Medium Enterprises Development (MSMED) Act 2006 and rules , subject to a maximum of Rs.30 lakhs.

5.2.2. Employment intensive subsidy

An employment intensive subsidy of an additional 5%, subject to a maximum of Rs.5 lakhs, will be granted if at least 25 workers have been employed for a minimum period of 3 years within the first five years from the date of commencement of production. The evidence for the employment of workers would be the related statutory returns such as the returns filed under the Employees Provident Fund Act, etc.,

5.2.3. Additional capital subsidy for select category of Entrepreneurs

An additional capital subsidy of 5%, subject to a maximum of Rs.2 lakhs will be given to enterprises set up by Women, SC / ST, Physically disabled and Transgender entrepreneurs.

5.2.4. Additional capital subsidy for promotion of cleaner and environment friendly technologies

An additional capital subsidy of 25% will be given on the value of plant and machinery installed to promote cleaner and environment friendly technologies, subject to a maximum of Rs.3 lakhs and certification by Tamil Nadu Pollution Control Board that the equipments installed serve such a purpose.

5.2.5. Low Tension Power Tariff (LTPT) subsidy

Low Tension Power Tariff (LTPT) subsidy will be available at a flat rate of 20% for the first 36 months from the date of commencement of production or from the date of power connection, whichever is later, after allotment of an Entrepreneur Memorandum (Part 2) number from the District Industries Centres.

5.2.6. Subsidy scheme for setting up of agro based enterprises

Government have decided that the subsidy scheme for setting up of agro based enterprises in all 385 blocks in the State, sanctioned in G.O.Ms.No.32, Small Industries Department, dated 28.6.2002, will be integrated with the Capital Subsidy Scheme for backward areas. Accordingly, the package of incentives noted in 5.2.1. to 5.2.5. would be extended to agro based enterprises set up in all blocks in the State.

5.3. Special Capital Subsidy for Thrust Sector Enterprises

A Special capital subsidy will be extended to Micro, Small and Medium manufacturing Enterprises under the following thrust sectors, located anywhere in the State, at the rate of 15% on eligible plant and machinery as indicated in the MSMED Act 2006 and Rules, subject to a maximum of Rs.30 lakhs.

1. Electrical and Electronic Industry.
2. Leather and Leather goods.
3. Auto parts and components.
4. Drugs and Pharmaceuticals.
5. Solar Energy Equipment.

6. Gold and Diamond Jewellery for exports.
7. Pollution Control equipments.
8. Sports Goods and Accessories.
9. Cost effective building material.
10. Readymade Garments.
11. Any other industry to be notified by the Government in this regard from time to time.

This subsidy will also be eligible to enterprises taking up substantial expansion / diversification of their existing activities on the incremental assets created towards expansion / diversification.

5.4. Enterprises ineligible for subsidy

Capital subsidy and other subsidies noted in paras 5.1.1 to 5.3 above will not be available to

- i. indigenous and imported second-hand machinery (except imported second-hand machinery brought into use within the country for the first time subject to certification by Chartered Engineer of its value and its residual life of not less than 5 years)
- ii. Wherever enterprises avail subsidy under any other schemes of Government of Tamil Nadu / Government of India, only differential amount of subsidy, if any, would be provided under this Policy.
- iii. Enterprises in Special Economic Zones or in Special Zones which are eligible for special fiscal benefits and special packages of incentives (though located in the blocks notified as backward) will not be entitled for Capital or LTPT subsidy provided under this Policy.
- iv. Enterprises eligible for Special Capital subsidy for thrust sectors will not be eligible for other subsidies noted in paras 5.2.2 to 5.2.5 above. However this restriction will not be applicable to thrust sector enterprises set up in backward areas.
- v. List of enterprises / activities not eligible for the package of incentives mentioned in Para 5.1.1 and 5.1.2 for Micro Manufacturing Enterprises and in Para Nos. 5.2.1 to 5.2.5 for Micro, Small and Medium Manufacturing Enterprises is enclosed as **Annexure-IV**.

5.5 Policy for Promotion of Export

Considering the major role played by Exports in the industrial and economic development of the State, Government would formulate a separate policy for promotion of Export, in line with the following provisions already made in the 'New Industrial Policy 2007'.

- 1. The role of the Industries Commissioner and Director of Industries and Commerce has been amplified also as "State Exports Commissioner" to coordinate with various departments of State and the Central Government to facilitate, enhanced export promotion, facilitate exports and work towards procedural simplification of export documentation formalities.*
- 2. The existing Export Guidance Cell in each District Industries Centre are to be transformed into an "District Export Promotion Cell" in association with Federation of Indian Export Organisation (FIEO) to facilitate accelerated disposal of various clearances required by exporters*
- 3. A Comprehensive Trade Information Portal with network connectivity to all District Industries Centre is to be set up by Directorate of Industries and Commerce in collaboration with FIEO.*

In order to enable the above, the infrastructure of the Directorate of Industries and Commerce and all the District Industries Centres will be suitably enhanced, supported with the ICT equipments and accessories, internet connectivity, application soft wares, portal facilities etc.

In addition, training on latest computer applications, E-governance, technology sourcing, technology upgradation, cluster development, export formalities, procedures and promotion, lean manufacturing and ICT trends etc. will be imparted to the Officers and staff of the Directorate and District Industries Centres so as to cater to the needs of MSMEs for enhancing their competitiveness in order to sustain their growth in the globally competitive scenario.

6. Technical Support

6.1. Assistance for Technology and Efficiency Upgradation and Modernization.

6.1.1. Mini Tool Rooms

Government will provide all support for the proposal for the setting up of Mini Tool Rooms to be sanctioned under National Manufacturing Competitiveness Programme (NMCP) of Government of India and provide necessary assistance wherever required.

In addition the Government will also provide support to Mini Tool Room projects to be taken up by any Industrial cluster / Association at the rate of 25% of the project cost, subject to a ceiling of Rs.1.00 Crore in strategic locations based on demand. The Industrial cluster / Association concerned should arrange for the land.

6.1.2. Enhancing Manufacturing Competitiveness

Government will also provide all support for the implementation of the following schemes to be implemented under National Manufacturing Competitiveness Programme (NMCP) of Government of India and provide necessary assistance wherever required.

- 1) National Programme on Application of Lean Manufacturing.
- 2) Promotion of Information & Communication Technology in Manufacturing Sector .
- 3) Technology and quality upgradation support for SMEs .
- 4) Support for Entrepreneurial and Managerial Development of SMEs.
- 5) Design Clinic Scheme to bring design expertise to the Manufacturing Sector .
- 6) Enabling Manufacturing Sector to be competitive through Quality Management Standards and Quality Technology Tools .
- 7) National Campaign for investment in Intellectual Property.
- 8) Market support / assistance to SMEs.

6.1.3. Cluster Development Schemes

Government will provide all support for Cluster Development Schemes of Government of India and provide necessary assistance wherever required.

In addition the Government will also provide support to establish Common Facility Centres to be set up by Industrial clusters / Associations at the rate of 25% of the project cost, subject to a ceiling of Rs.1.00 Crore in strategic locations, based on demand.

6.1.4. Back- ended Interest Subsidy

A back-ended interest subsidy at the rate of 3% (subject to a maximum of Rs.10 lakhs per enterprise over a period of five years) will be extended on loans taken up to Rs.100 lakhs by Micro, Small and Medium Enterprises for modernization by induction of well established and improved technologies in specified sub-sectors / products as listed in the guidelines on **Credit Linked Capital Subsidy Scheme** (CLCSS) Scheme of Government of India.

6.1.5. Technology Development Fund

A corpus of Rs.25 lakhs with necessary annual injections will be set up to part fund small developmental projects undertaken at the behest of MSME Association by IIT-Madras, Universities in the State including Deemed Universities, Engineering Colleges, Polytechnics, and Central Government Institutions of Excellence in the State for evolving cleaner and / or energy efficient or IT enabled technologies for the Micro, Small and Medium Manufacturing Sector.

The support will be upto Rs.2.5 lakhs or 50% of the project cost whichever is less and the project should have the prior approval of the Industries Commissioner and Director of Industries and Commerce.

The corpus will also fund 50% of the cost of the conduct of 100 operational efficiency studies required by entrepreneurs of micro manufacturing enterprises every year on a first come first served basis. Such a study will involve the deployment of upto six mandays from a list of approved

institutions for whom the Industries Commissioner and Director of Industries and Commerce will fix a schedule of rates. The Corpus fund will be operated by SIDCO and separate guidelines will be issued in this regard.

6.1.6. Technology Business Incubators

Financial assistance to the tune of Rs.50 Lakhs per Incubator/Centre of Excellence would be provided for creation of basic infrastructure for setting up of Centres of Excellence and Technology Business Incubators in the fields like Automobile, Machine tools, Food processing etc, in MSME Sector for introduction of new production techniques and design development.

6.1.7. Subsidy for asset creation for Intellectual Property

50% of the cost of filing a patent or Rs.2 lakhs, whichever is less, would be provided as subsidy to Micro, Small and Medium manufacturing enterprises having in-house or stand alone R & D Laboratories for innovations capable of industrial application. The support will be available for filing the patent application in India or abroad, cost of registration and first time maintenance fee of the granted application.

Similarly 50% of the cost of application for Trade Mark registration or Rs.25,000/-, whichever is less, would be provided as subsidy to Micro, Small and Medium manufacturing enterprises for filing the application for Trade Mark registration in India or abroad, cost of registration and first time maintenance fee of the granted application.

6.1.8. Technology upgradation of specified sub-sectors

Special steps will be taken to assist technology upgradation and achieve economies of scale in the coir, handmade match, Cooperative tea and Sago sectors.

6.2. Certification and testing

The testing laboratories and Electro Medical Equipment Centres of the Department of Industries and Commerce would be upgraded with state-of-the-art machineries to cater to the testing needs of Enterprises in general

and Micro, Small and Medium Enterprises in particular to face the challenges due to globalisation. The possibility of grant of autonomous status under Public Private Partnership mode to these institutions would be explored.

The Directorate of Industries and Commerce will assist in the preparation of documentation and liaise on behalf of MSME Associations with Government of India in respect of applications made to MSME-Development Organisation for sanction of Testing Centres under the Government of India Scheme.

6.3. Skill Development and Training

Schemes will be formulated with Enterprise Associations to

- Customised Entrepreneurship Development Training Programme for entrepreneurs in sunrise sectors like Information Technology, Information Technology Enabled Services, Business Process Outsourcing, Enterprise Process Outsourcing, Knowledge Processing Outsourcing and Bio-Technology of different durations would be taken up in association with Financial Institutions, Enterprises Associations, Reputed Training Institutions in Manufacturing and Service Sectors under Public Private Partnership mode.
- Reimbursement upto 50% of the tuition fees of special short term courses run with prior approval of the Industries Commissioner and Director of Industries and Commerce by the MSME Associations for the benefit of the educated unemployed in collaboration with any reputed institution in the State. Grant of subsidy to the training course is subject to the prior approval of the course by the Industries Commissioner and Director of Industries and Commerce and the Association concerned guaranteeing immediate placement of the trainees.
- Reimbursement of 50% of the tuition fees of short term training organized by MSME Associations to upgrade the skills of existing employees of Micro, Small and Medium manufacturing Enterprises.

Grant of subsidy to the training course is subject to the prior approval of the course by the Industries Commissioner and Director of Industries and Commerce.

- Apart from the above, the Industries Commissioner and Director of Industries and Commerce will take steps to ensure by dissemination of information and by sponsoring where required that Micro, Small and Medium Enterprises are enabled to avail themselves of the benefits of the skill development initiatives undertaken by the related agencies of Government.

7. Information and Marketing Support

7.1 Marketing support, seminars and exhibitions

- Price preference of 15% will be extended for purchase of goods of domestic Micro and Small Enterprises as provided in the Tamilnadu Transparency in Tenders Act, 1998.
- Purchase preference will be extended for items notified from time to time by the State Government.
- Waiver of Earnest Money Deposit will continue for Micro and Small Enterprises .
- A grant of 50% of expenses incurred on hall rent (subject to a ceiling of Rs.5 lakhs per event in Chennai and Rs. 1 lakh per event in Districts) will be sanctioned on reimbursement basis for sponsoring of exhibitions by MSME Associations.
- A grant of 50% of the hall rent (with a ceiling of Rs.5 lakhs per exhibition) will be sanctioned on reimbursement basis for participation in exhibitions in other States by MSME Associations of Tamilnadu.
- Support will be structured in project mode to clusters of enterprises to market their products under a common banner or brand.
- The Resource Centre of Department of Industries and Commerce will guide in the preparation of documentation and liaise on behalf

of MSMEs and Associations with GOI, in coordination with the Micro, Small and Medium Enterprises Development Institute (MSME-DI), Chennai in respect of applications made to MSME-Development Organisation for sanction of assistance under scheme for

- i) Participation in International Fairs – (Full subsidy on space rent and shipment of exhibits of MSEs)
- ii) MSE Market Development Assistance – (funding upto 90% in respect of to and fro air fare for participation by MSE Entrepreneurs in overseas fairs / trade delegations. The scheme also provide for funding for producing publicity material (upto 25% of costs)
- iii) Sector specific studies (upto Rs.2 lakhs) and for contesting anti-dumping cases (50% upto Rs.1 lakh).
- iv) Scheme for setting up Sub-Contracting Exchange (One time grant for procurement of hardware and thereafter matching grant on tapering basis at 50%, 30% and 10% of running expenses, not exceeding Rs.1.25 lakhs, Rs.0.75 lakhs and Rs. 0.25 lakhs respectively during the initial three years, subject to a ceiling of Rs.1.57 lakhs per exchange.

8. Deregulation and Simplification

8.1. Common Application Form

The Common Application Form for applying for setting up enterprises and the Common Return approved by the Labour Department will be adopted with immediate effect.

8.2. Self Certification

Micro, Small and Medium Enterprises will be gradually extended the benefit of self certification in respect of their compliance with statutory requirements. Guidelines for registration for self certification, percentage of test and random checks etc., will be issued separately. The enterprises eligible in each District for such a dispensation will be identified on the following basis by the Single Window Committee.

- Regular submission of all returns to tax, factory, labour welfare authorities over the last three years.
- No history of default of loans taken from banks and financial institutions in the last five years or default in payment of sales tax or power bills or dues to local bodies, or of litigation with Government agencies.
- No pending Sales tax / VAT, power or other dues or local bodies or other State Government agencies, or litigation with Government or its agencies.

8.3 Industrial Single Window Clearance Act

In the Industrial Policy 2007, Government have announced that an Enactment of a *Business Facilitation Act* would be considered for giving Single Window Committees, at State and District level, formal authority and clear time lines for each approval. A *Business Facilitation e-Governance System* will be put in place enabling investors to apply for Single Window Clearance on-line and to monitor clearances.

Government would enact an *Industrial Single Window Clearance Act*, for giving Single Window Clearance Committees, at State and District level, formal authority and set time period for grant of approvals and deemed approvals.

9. Administrative Reforms

9.1. Revamping of Administration Machinery of the Department of Industries and Commerce.

Administrative machinery of Department of Industries and Commerce would be suitably strengthened and resources provided in order to enable it to cope up with the emerging trends and play a facilitating role. All assistance will be provided to strengthen the Commissionerate of Industries and Commerce and the District Industries Centres for effective implementation of the schemes contained in this Policy.

9.2. Networking, trade and technology related information

District Industries Centres will be strengthened and networked to a Resource Centre in the Directorate of Industries and Commerce. This

Resource Centre will be networked with the TANSTIA FNF Service Centre, Technology Development Centre of Confederation of Indian Industries, Micro, Small and Medium Enterprises - Development Institute (MSME-DI) and other information sources.

Officers/ staff at the District Industries Centres will be trained in trade, patent, certification procedures and preparation and appraisal of business development plans.

Certain functions of the Resource Centre will be outsourced to an External Agency which will be a one stop information point primarily to assist all micro and small entrepreneurs to source information or help in respect of trade, Intellectual Property Rights Certification and technology issues, including use of Information Technology in manufacturing or marketing.

The Resource Centre will :

- Arrange for supply of collated information of a general kind available at various points in the public domain to all registered entrepreneurs requesting for the same free of charge.
- Arrange for direct consultations on a charged per sitting basis with Consultants empanelled by the Centre as requested by micro or small enterprises either in Chennai or through Video Conferencing in the Districts.
- Advise on and provide introduction to agencies which are acquainted with specific technology or management issues and need be approached for further consultation on specific enterprise based issues.
- Help in preparation of documentation and liaise on behalf of MSEs and Associations with Government of India in respect of applications made to
 - (i) MSME -Development Organisation by Micro and Small Enterprises for sanction of assistance under the ISO 9000/ ISO 14001 Certification Reimbursement Scheme – (Incentive

Schemes of Reimbursement of expenses for acquiring Quality Management System (QMS) ISO 9000 certification / environment management (EMS) ISO 14001 certification to the extent of 75% or Rs.75,000/- whichever is lower).

- (ii) Any scheme of assistance of GOI / an agency of GOI for which a micro entrepreneur is eligible and wishes to apply.

9.3. Administration of the package of incentives and concessions under the Micro, Small and Medium Industrial Policy

Directorate of Industries and Commerce would administer the package of incentives and concessions under this Policy. *Separate guidelines for administration of these incentives and concessions will be issued for the guidance of all concerned.*

9.4. Constitution of Micro, Small and Medium Enterprises Board

The State Government will reconstitute the Small Scale Industries Board as Micro, Small and Medium Enterprises Board at the State level consisting of stake holders, in keeping with the provisions of Micro, Small and Medium Enterprises Development Act, 2006, for participative review and for making recommendations on the policies and programmes for the development of Micro, Small and Medium Enterprises in the State.

10. Monitoring of Policy Implementation.

10.1. Empowered Committee

An Empowered Committee of the State Government will be set up under the Chairmanship of Hon'ble Minister for Rural Industries with the following members:

| | |
|--|----------|
| Hon'ble Minister for Rural Industries | Chairman |
| Secretary, Micro, Small and Medium Enterprises Dept. | Member |
| Secretary, Industries Department or representative | Member |
| Secretary , Finance Department or representative | Member |
| Secretary, Commercial Tax or representative | Member |

| | |
|--|----------|
| Industries Commissioner & Director of Industries and Commerce | Convenor |
| Commissioner, Commercial Tax Department | Member |
| Managing Director, Small Industries Development Corporation (SIDCO) | Member |
| Member (Distribution) Tamil Nadu Electricity Board (TNEB) | Member |
| Managing Director, Tamil Nadu Industrial Investment Corporation (TIIC) | Member |

The Committee will be empowered to

- 1) Monitor quarterly, the observance of the purchase and price preference policy of Government by Government Departments and Undertakings
- 2) Review quarterly,
 - i) the adequacy and stability of water and power and observance of environmental discipline at the various Industrial Estates of SIDCO, Department of Industries and Commerce including Cooperative Estates and Privately Developed Estates.
 - ii) Functioning of the Single Window Committee in Districts.
 - iii) Functioning of the Micro and Small Enterprises Facilitation Councils
 - iv) Simplification of procedures and progress in self certification.

For discussions relating to (i) to (iv) above, Managing Director, Tamilnadu Water Supply and Drainage Board, Managing Director, Chennai Metropolitan Water Supply & Sewerage Board, Chairman, Tamilnadu Pollution Control Board, Director of Town and Country Planning, Commissioner of Municipal Administration will be invitees. The Empowered Committee may use third party assistance on a regular basis to evaluate the availment of scheme benefits and for introducing procedural simplification.

3) Monitor quarterly in a joint meeting of the Empowered Committee and the State Level Inter Institutional Committee (SLIIC) presided by the Hon'ble Minister for Rural Industries.

- i) Credit demand and supply for Micro, Small and Medium Enterprises in gross and per capita terms.
- ii) Flow of credit to private agencies setting up industrial estates.
- iii) Coverage of micro enterprises under the Credit Guarantee Fund Trust Scheme.
- iv) Beneficiary oriented and cluster development schemes of the State and Central Governments.

Representatives from Associations of Micro, Small and Medium Enterprises would be called as special invitees for the Empowered Committee meetings whenever any particular issue relevant to them is taken up for discussion in the Committee.

ANNEXURE – I

POLICY FOR REHABILITATION OF SICK MICRO, SMALL AND MEDIUM ENTERPRISES

1. Introduction

- i. Rehabilitation of sick enterprises depends on early diagnosis, speedy decisions on the nature of relief and orchestrated, quick implementation.
- ii. The definition of sickness will be as laid down by Reserve Bank of India from time to time.
- iii. The relief described below will be limited to manufacturing enterprises which are registered MSMEs or have a Part II Entrepreneur Memorandum Number .
- iv. The policy will operate only for Micro and Small and Medium Manufacturing Enterprises (including job related works where there is processing and physical movement of raw materials / goods / components.) and in respect of Medium Enterprises, only to Enterprises not registered under Companies Act.
- v. The policy mechanisms and institutional set up envisaged for realizing the above objectives are described below:

2. Institutional set-up

The institutions to implement the rehabilitation schemes will be the District Industries Centres, the State Level Inter Institutional Committee (SLIIC) and Sub Committee of SLIIC constituted by the Reserve Bank of India, the Tamil Nadu Industrial Investment Corporation (TIIC) and an Empowered State Level Rehabilitation Committee (SLRC), whose composition will be as follows :

| | |
|--|----------|
| Secretary, Micro, Small and Medium Enterprises Dept. | Chairman |
| Secretary, Finance Department or representative | Member |
| Secretary, Industries Department or representative | Member |

| | |
|--|----------|
| Secretary, Commercial Tax Department or representative | Member |
| Industries Commissioner & Director of Industries and Commerce | Convenor |
| Managing Director, Small Industries Development Corporation (SIDCO) | Member |
| Member (Distribution) Tamil Nadu Electricity Board (TNEB) | Member |
| Managing Director, Tamil Nadu Industrial Investment Corporation (TIIC) | Member |
| General Managers of the District Industries Centres concerned | Members |

3. Modalities of preferring applications and processing by District Industries Centres

- 3.1. TIIC will prepare a panel of consultancy organizations (which may include the TIIC) for entrustment of diagnostic studies and fix every three years a schedule of rates for micro and small enterprises separately. TIIC will also evolve an application format for enterprises which apply for rehabilitation and a software for preliminary assessment of the application by the General Manager, District Industries Centre to assess if the enterprise is sick as per the norms laid down to define sickness.
- 3.2. The enterprise which wishes to apply for rehabilitation will make the application to the General Manager, District Industries Centre/ Regional Joint Director, Chennai and remit i) a non refundable fee of Rs.1000/- and ii) 25% of the diagnostic study fee.
- 3.3. If after obtaining necessary clarifications and data, the software run does not indicate sickness, the General Manager, District Industries Centre will return the remittance for the diagnostic study and close the file. The entrepreneur may apply afresh after a minimum interval of six months.
- 3.4. In case the enterprise is found sick, the General Manager, District Industries Centre should refer the matter to a consultancy

organization on the panel of TIIC for preparing and submitting a diagnostic study within a period of 45 days. The entrepreneur should be also advised to submit all necessary details to the Consultant and to remit 75% of the balance cost of the study. The Tamil Nadu Electricity Board and the Deputy Commissioner of Commercial Tax should be informed of the position who should send the General Manager, District Industries Centre and the Consultant within 21 days of intimation of reference to a Consultant, the details of arrear demand up to the previous month in respect of the enterprise with break up between tax / power charges and the interest. The Deputy Commissioner of Commercial Tax will also suspend coercive action for a period of six months.

- 3.5. On receipt of the diagnostic study the General Manager, DIC will advise the Members of the Sub Committee of the SLIIC and have the matter placed on the agenda of the next meeting of the Sub Committee of SLIIC for consideration. The Sub Committee should meet at least once every two months, preferably on the first working day of every second month and the Consultant, Deputy Commissioner of Commercial Tax and the Divisional Engineer (TNEB) would be invited by the General Manager, DIC to the meeting.

4. Guidelines to the Committees for extension of relief

- 4.1. The Sub Committee of the SLIIC will consider the findings of the diagnostic study and recommend to the State Level Rehabilitation Committee (SLRC) and the SLIIC the specific nature of rehabilitation assistance. In doing so it has to be ensured that recommendations to SLIIC fall within the parameters of the existing policy of Reserve Bank of India in this regard, and recommendations to the SLRC are case specific.
- 4.2. The SLRC may extend rehabilitation assistance up to the following limit and the assistance should be case specific and merit based:

- i. The outstanding sales tax / VAT and the interest on the same (as on the date of orders of the Empowered Committee sanctioning the package) may be converted into a soft loan. The loan will be repayable from the start of the fourth year onwards over four years on an equated monthly instalment basis with an interest of 9%. There will however be no interest charged for the first three years on the loan. The concession will include only the arrears which arose when the enterprise was sick and not the outstanding tax and interest dues of years when the enterprise was not sick. Such dues will have to be remitted in full as a precondition to sanction of the rehabilitation package.
- ii. Sanction an interest subsidy of 4% for two years on rehabilitation / bridge loans upto Rs.15 lakhs advanced to micro and small enterprises as a part of the rehabilitation package.
- iii. Implementation of the Exit Policy to be announced by the Central Government under the MSMED Act 2006.
- iv. Regulating dividend and sharing of profits during the period of rehabilitation
- v. Implementation of One Time Settlement (OTS) as per the policy of the Government owned institutions for enterprises declared sick.
- vi. Determining the outstanding interest on sale tax / VAT, (as on the date of the order of the SLRC) and recommending remission of the same by Government in the case of a enterprise considered non viable and incapable of being rehabilitated within the band of concessions allowed by the policy. This would be conditional to the enterprise holder clearing all arrear wages due to workmen, to statutory labour welfare authorities, retrenchment compensation due as per law and settling the outstanding sales tax and electricity dues within three months of such a direction by the SLRC.

- vii. Ordering reduction of power load if it is a part of the rehabilitation package.
- 4.3. The SLRC may permit at its discretion, the taking over by any other micro, small or medium enterprises, of the assets and liabilities of a sick micro, small or medium enterprise judged unviable, if the enterprise taking over agrees to:
- i. Reopen the closed enterprises within three months of sanction / take over.
 - ii. Produce evidence of a suitable arrangement with the bankers in respect of repayment of outstanding dues of the taken over enterprise, and arranges to have all arrear dues to workmen, statutory authorities and Government agencies of the taken-over enterprise settled.
 - iii. Agrees to obtain prior permission of the lenders and Government before it sells any surplus land of the taken-over enterprise, and clears with the proceeds of land sale all arrear dues of the taken over enterprise to workmen, statutory authorities, Government, its agencies and banks. The proceeds will be credited into an escrow account till the above clearances are confirmed to the extent the sale proceeds can cover in the above order.
 - iv. On application by the enterprise taking over, the SLRC may convert upto 75% of the outstanding sales tax / VAT and the interest on the same (as on the date of orders of the SLRC sanctioning the package) into a soft loan. The loan will be repayable from the start of the fourth year onwards over four years on an equated monthly instalment basis at an interest of 9%. There will however be no interest charged on the loan for the first three years. The enterprise taking over will have to, as directed by the SLRC, remit the balance of the

outstanding sales tax / VAT and interest not converted into a loan as a precondition to the availing of the soft loan.

- 4.4. The provisional decisions of the SLRC in respect of enterprises judged viable for rehabilitation or unviable and unsuitable for rehabilitation should be taken note of by the SLIIC at its next meeting. The offer of concessions by the SLRC in respect of dues to Government would be conditional to a decision taken by the SLIIC acceptable to the parties concerned in respect of the bank and institutional loans. The SLRC will not make any recommendations for rehabilitation which exceed the guidelines band indicated.
- 4.5. Once the SLIIC takes an acceptable decision in respect of the enterprise and the concerned bank indicates an implementation schedule, the provisional decision of the SLRC will be confirmed by issue of an order. In case the SLIIC does not structure an acceptable format for relief in respect of the bank and institutional loans and the concerned bank / institution has not issued orders extending the concession within three months or a specific time limit fixed by the SLRC, the concessions agreed to by the SLRC will stand automatically withdrawn.

5. Monitoring and Co-ordination :

- 5.1. A Cell in the TIIC will be opened for purposes of monitoring the implementation of the package and provide inputs to the SLRC and the SLIIC on compliance by the stakeholders with the agreed decisions. The TIIC will prepare a statement incorporating all the concessions and obligations and the consequences of default and obtain from the enterprise holder an unconditional undertaking to abide by the same. Any default by the beneficiary will lead to a withdrawal of all the concessions offered, restoration of status quo ante and initiation of all normal coercive action permitted by law.

5.2. TIIC will be entitled to an annual fee of Rs.5000 per year from each enterprise thus assigned for monitoring, besides a lump sum grant of Rs.5 lakhs for defraying administrative expense relating to the convening of the SLRC meetings and coordination.

6. Rehabilitation Fund

6.1. A Rehabilitation Fund will be set up for rehabilitation of sick enterprises and to start with, the Fund will be managed by the Industries Commissioner and Director of Industries and Commerce. Periodical injections into the Fund will be made based on the recommendations of the SLRC. The drawals from the Fund will be for:

- i) Meeting 75% of the cost of the diagnostic study of micro, small and medium enterprises which are found unviable.
- ii) Sanction of an interest subsidy of 4% for two years on rehabilitation / bridge loans upto Rs.15 lakhs advanced to micro, small and medium enterprises as a part of the rehabilitation package.
- iii) Payment of lump sum administrative expenses of Rs.5 lakhs per annum to the TIIC.

ANNEXURE - II (a)

Components of an approved Industrial Park

1. Criteria for approval

- a) Minimum area 50 acres in legal possession of applicant
- b) Should be meant for manufacturing and services sector
- c) Should have provision for at least 20 micro and 30 Small enterprises
- d) Should not have more than 10% wet land

2. Processing area: Not less than 70% of total area

- Industrial plots for manufacturing
- Ready built sheds for industrial use

3. Non- Processing area: Not more than 30% area

- R&D/Testing/Certification/Training centre
- Office space for business support to processing area
- Clinics
- Common Ware houses
- Weigh Bridges

Annexure II (b)

List of approved Infrastructure

The following would qualify as Industrial Infrastructure projects for purposes of incentives under this Policy :

1. Dedicated new roads leading to the industrial parks
2. Common Hazardous Waste Treatment & Disposal Facilities for a Cluster of Industries
3. Common Effluent/Waste Water Recycling Plants for a Cluster of Industries
4. R.D/Testing/Skill Development Centres
5. Common Ware Houses
6. Weigh Bridges
7. Power Infrastructure within the Estate.

Annexure III

List of Backward Blocks in the State

Coimbatore District

| | | | |
|---|---------------|---|-----------|
| 1 | Annur | 4 | Pongalur |
| 2 | Gudimangalam | 5 | Sultanpet |
| 3 | Kinathukadavu | | |

Cuddalore District

| | | | |
|----|-----------------|----|---------------------------|
| 6 | Annagramam | 11 | Mangalore |
| 7 | Kammapuram | 12 | Melbhuvanagiri |
| 8 | Kattumannarkoil | 13 | Nallur |
| 9 | Kumaratchi | 14 | Parangipettai (Portonovo) |
| 10 | Kurinjipadi | | |

Dharmapuri District

| | | | |
|----|--------------|----|-----------------|
| 15 | Harur | 19 | Palacode |
| 16 | Karimangalam | 20 | Pappireddipatti |
| 17 | Morappur | 21 | Pennagaram |
| 18 | Nallampalli | | |

Dindigul District

| | | | |
|----|----------------|----|--------------|
| 22 | Guziliamparai | 27 | Shanarpatti |
| 23 | Natham | 28 | Thoppampatti |
| 24 | Nilakottai | 29 | Vadamadurai |
| 25 | Oddenchatram | 30 | Vedasandur |
| 26 | Reddiarchatram | | |

Erode District

| | | | |
|----|-----------|--|--|
| 31 | Anthiyur | | |
| 32 | Kundadam | | |
| 33 | Thalavadi | | |

Kancheepuram District

| | | | |
|----|---------------|----|-------------------|
| 34 | Acharappakkam | 38 | Madurantagam |
| 35 | Chithamur | 39 | Thirukazhukundram |
| 36 | Kundrathur | 40 | Uthiramerur |
| 37 | Lathur | 41 | Walajabad |

Kanyakumari District

| | | | |
|----|-----------------|--|--|
| 42 | Rajakkamangalam | | |
| 43 | Thiruattar | | |
| 44 | Thovalai | | |

Karur District

| | | | |
|----|--------------|----|------------------|
| 45 | Aravakurichi | 48 | Krishnarayapuram |
| 46 | K.Paramathi | 49 | Thanthoni |
| 47 | Kadavur | 50 | Thogamalai |

Krishnagiri District

| | | | |
|----|----------------|----|--------------|
| 51 | Bargur | 55 | Sulagiri |
| 52 | Kaveripattinam | 56 | Thally |
| 53 | Kelamangalam | 57 | Uthangarai |
| 54 | Mathur | 58 | Veppanapalli |

Madurai District

| | | | |
|----|--------------|----|--------------------|
| 59 | Alanganallur | 65 | T.Kallupatti |
| 60 | Chellampatti | 66 | Thirumangalam |
| 61 | Kalligudi | 67 | Thirupparankundram |
| 62 | Kottampatti | 68 | Usilampatti |
| 63 | Madurai East | 69 | Vadipatti |
| 64 | Sedapatti | | |

Nagapattinam District

| | | | |
|----|---------------|----|--------------|
| 70 | Keelaiyoor | 75 | Sirkalai |
| 71 | Kelvalur | 76 | Talainayar |
| 72 | kollidam | 77 | Thirumarugal |
| 73 | Kuttalam | 78 | Vedaraniyam |
| 74 | Sembanar koil | | |

Namakkal District

| | | | |
|----|---------------|----|----------------|
| 79 | Elachipalayam | 84 | Mohanur |
| 80 | Erumaipatti | 85 | Namagiripettai |
| 81 | Kabilarmalai | 86 | Puduchatram |
| 82 | Kollihills | 87 | Vennandur |
| 83 | Mallasamudram | | |

Nilgiris District

| | |
|----|----------|
| 88 | Gudalur |
| 89 | Kotagiri |
| 90 | Ooty |

Ariyalur District

| | | | |
|----|-------------|----|------------|
| 91 | Andimadam | 94 | Sendurai |
| 92 | Ariyalur | 95 | T. Palur |
| 93 | Jayankondam | 96 | Thirumanur |

Perambalur District

- 97 Alathur
98 Veppanthattai
99 Veppur

Pudukottai District

- 100 Annavasal
101 Arimalam
102 Avudaiyarkoil
103 Gandarvakottai
104 Karambakudi
105 Kunnadarkoil
106 Manamelkudi
107 Ponnamaravathi
108 Thirumayam
109 Thiruvarankulam
110 Viralimalai

Ramanathapuram District

- 111 Bogalur
112 Kadaladi
113 Kamuthi
114 Mandapam
115 Mudukulathur
116 Nainarkovil
117 R.S.Mangalam
118 Thiruppullani
119 Thiruvadana

Salem District

- 120 Ayothiapatnam
121 Kadayampatti
122 Konganapuram
123 Mechery
124 Omalur
125 Pethanaickenpalayam
126 Thalaivasal
127 Tharamangalam
128 Yercaud

Sivagangai District

- 129 Ilayangudi
130 Kalaiyarkoil
131 Kallal
132 Kannankudi
133 Manamadurai
134 S.Pudur
135 Singampunari
136 Sivagangai
137 Thiruppathur
138 Thiruppuvanam

Thanjavur District

- 139 Ammapettai
140 Budalur
141 Madukkur
142 Orathanadu
143 Papanasam
144 Peravurani
145 Sethubava-chatram
146 Thiruppanan-dal
147 Thiruvaiyaru
148 Thiruvonam

Theni District

- 149 Andipatti
150 Chinnamanur
151 Cumbum
152 K.Myladumparai

Thoothukudi District

- 153 Alwarthirunageri
154 Karungulam
155 kayathar
156 Kovilpatti
157 Ottapidaram
158 Pudur
159 Sattankulam
160 Srivaikundam
161 Tiruchendur
162 Udangudi
163 Vilathikulam

Tiruchirappalli District

- 164 Lalgudi
165 Manachanallur
166 Mannaparai
167 Marungapuri
168 Musiri
169 Pullambadi
170 Thathaiyangarpettai
171 Thottiam
172 Thuraiyur
173 Uppiliapuram
174 Vaiyampatti

Tirunelveli District

- 175 Alangulam
176 Kadayam
177 Kuruvikulam
178 Melanelithanallur
179 Nanguneri
180 Pappakudi
181 Radhapuram

Tiruvallur District

- 182 Ellapuram
183 Kadambathur
184 Pallipet
185 Poondi
186 R.K. Pet
187 Sholavaram
188 Tiruvalangadu

Tiruvannamalai District

- 189 Annakkavoor
190 Arni
191 Chengam
192 Chetpat
193 Cheyyar
194 Jawathumalai
195 Kalasapakkam
196 Kilpennathur
197 Peranamallur
198 Polur
199 Pudupalayam
200 Thandrampat
201 Thellar
202 Thuringapuram
203 Vandavasi
204 Vembakkam
205 West Arni

Tiruvarur District

| | | | |
|-----|-------------|-----|-------------------|
| 206 | Kodavasal | 210 | Needamangalam |
| 207 | Koradachery | 211 | Thiruthuraipoondi |
| 208 | Kottur | 212 | Valangaiman |
| 209 | Muthupet | | |

Vellore District

| | | | |
|-----|--------------|-----|-------------|
| 213 | Anaicut | 219 | Natrampalli |
| 214 | Arcot | 220 | Nemili |
| 215 | Jolarpet | 221 | Pernambut |
| 216 | K.V.Kuppam | 222 | Sholingur |
| 217 | Kandhili | 223 | Thimiri |
| 218 | Kaveripakkam | 224 | Tirupattur |

Villupuram District

| | | | |
|-----|-----------------|-----|-------------------|
| 225 | Chinnasalam | 236 | Rishivandiyam |
| 226 | Gingee | 237 | Sankarapuram |
| 227 | Kallakurichi | 238 | Thirukoilur |
| 228 | Kalvarayanmalai | 239 | Thirunavalur |
| 229 | Kanai | 240 | Thiruvennainallur |
| 230 | Kandamangalam | 241 | Thiyagadurgam |
| 231 | Mailam | 242 | Ulundurpet |
| 232 | Marakkanam | 243 | Vallam |
| 233 | Melmalaiyanur | 244 | Vanur |
| 234 | Mugaiyur | 245 | Vikkiravandi |
| 235 | Olakkur | | |

Virudhunagar District

| | | | |
|-----|-------------|-----|--------------|
| 246 | Kariyapatti | 249 | Thiruchuli |
| 247 | Narikudi | 250 | Vembakkottai |
| 248 | Sattur | 251 | Watrap |

ANNEXURE - IV

List of enterprises/activities ineligible for incentives

1. Sugar
2. Distilleries, Brewery and Malt Extraction
3. Units utilizing Molasses/rectified spirit/de-natured spirit as raw material for manufacture of potable alcohol.
4. Popcorn and Ice Candy Making units
5. Fertiliser
6. Fertiliser Mixing
7. Mining and Quarrying
8. Iron and Steels Smelting
9. Beedies/Cigarettes/Cigars/Gutka and Tobacco based products
10. All types of Saw Mills
11. All Micro, Small & Medium Service Enterprises
12. Cement
13. Textiles (including Spinning and Knitting)
14. Flour Mills
15. Hotels
16. Edible Oils and Solvent Extraction Units
17. Rice Mills
18. Aluminium Smelting
19. Calcium Carbide
20. Slaughter House
21. Kandasari unit
22. Photo Studios and Colour Processing units

23. Photo copying and Xerox Machines
24. Re-packing of Drugs/Medicine/Chemical, without any processing or value addition
25. Azoic/Reactive Dyes
26. Fire Crackers
27. Industries manufacturing and or utilizing Ozone depleting substances
28. Power Laundries
29. Brick Making Units (excluding Cement Hollow Blocks, Wire cut and Fly ash bricks)
30. Poultry
31. Coffee Roasting and Grinding
32. Clock and Watch Repair Shops
33. Cassette Recording (Audio & Video)
34. Cyanide
35. Caustic Soda
36. Potassium Chloride
37. Nylon Fibre
38. Rayon Fibre
39. Polyester Fibre
40. Any other enterprise/activity as may be notified by Government



MICRO, SMALL & MEDIUM ENTERPRISES DEPARTMENT

(Government of Tamil Nadu)

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