



GOVERNMENT OF KERALA

Abstract

Industries Department- Revival and Rehabilitation Scheme for Defunct MSMEs and Cashew Processing Units -Administrative Sanction accorded-Orders Issued.

INDUSTRIES (B) DEPARTMENT

G.O.(Rt)No.620/2020/ID

Dated, Thiruvananthapuram, 13/08/2020

- Read :
1. Letter No. DIC/831/2020 -FC3 dated 10/03/2020 from the Director of Industries and Commerce.
 2. Minutes of the third Departmental Working Group meeting held on 03/07/2020.

ORDER

Considering the role of MSME units that play in the State economy, it has been decided that the MSMEs which have become defunct due to genuine issues in the value chain and having potential needs to be revived and rehabilitated . Hence the Scheme-"Defunct MSME units"-that envisages to support defunct MSME units including cashew processing units through assistance in the form of capital grants and capital incentives.

An amount of Rs.700.00 lakh is provided in the Budget 2020-21 for the revival rehabilitation of defunct MSME units.

In this context, the Departmental working group held on 03-07-2020 considered the proposal submitted by the Director of Industries and Commerce seeking Administrative Sanction for implementing the scheme " Revival and rehabilitation scheme for defunct MSMEs and Cashew Processing Units " for an amount of Rs.700.00 lakh(Rupees Seven Hundred lakh only) and recommended to issue Administrative Sanction , vide the minutes read above.

In the circumstances, Government have examined the matter in detail and are pleased to accord Administrative Sanction for impelmenting the scheme " Revival and rehabilitation scheme for defunct MSMEs and Cashew Processing Units " for an amount of Rs.700.00 lakh(Rupees Seven Hundred lakh only) by meeting the expenditure from the Head of Account 2851-00-102-26(P) from the current year's budget allocation.

The Director of Industries and Commerce will ensure that a 10% of the beneficiaries are women.

The details of the scheme is also appended .

(By Order of the Governor)
K.RADHAKRISHNAN
 ADDITIONAL SECRETARY

To :

The Director of Industries and Commerce, Thiruvananthapuram.
 The Principal Accountant General (A&E/Audit)Kerala, Thiruvananthapuram
 The District Treasury Officer, District Treasury Office, Thiruvananthapuram.

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All General Managers, District Industries Centre
(Through the Director of Industries and Commerce
The Finance Department
The Planning and Economic Affairs Department
The Industries(J)Department
The Information and Public Relation (Web and New Media) Department.
Stock File/ Office Copy.

Forwarded/By order


Section Officer

APPENDIX

REVIVAL AND REHABILITATION SCHEME FOR DEFUNCT MSMEs AND CASHEW PROCESSING UNITS.

Defunct MSMEs**Background**

In Kerala there are 3798 units marked as "Declined" in the Vyavasayajalakam excluding Cashew Processing Units. At present there is no scheme to support Defunct MSMEs ; who have potentials, to be revived and rehabilitated. The only scheme for revival and rehabilitation is "Assistance to MSMEs with stressed assets". In some districts traditional industries like cashew processing is facing problems and most of the units are remaining "Defunct".

Introduction

The trend in increasing number of defunct units, is a challenge to the secondary sector. The MSMEs which have become defunct due to genuine issues in the value chain and having potential needs to be revived and rehabilitated considering the role of these units play in the state economy, the Government of Kerala launches a new scheme for defunct MSMEs including cashew processing units during 2020-21.

Besides lack of improved technology, MSME units become defunct due to constraints on marketing, competition from MNCs, and global challenges etc. In the field of cashew units the processing cost is comparatively higher in state and competition from other countries is badly high. Most of the cashew units are in financial crunches. Process mechanization is the only way to revive the units.

Objectives

The scheme envisages to support defunct MSMEs including cashew processing units through assistance in the form of Capital grants and Working Capital incentives.

Definitions

1. Defunct MSMEs – MSMEs which are non-operational for 6 months or more but can be revivable. "In the case of units which became defunct due to plastic ban and those wish for diversification, the above time limit is not applicable.

2. Defunct Cashew Processing Units – The cashew Processing Units which were defunct at least for six months/ and no matter whether they have received any Government assistance or bank loan within six months and in the process of revival.

Eligibility for applicants

All MSMEs which are defunct due to genuine issues including cashew processing enterprises who have potential capacity to be revived and rehabilitated, are eligible for assistance under the scheme if:

1. The applicant should apply in the prescribed proforma .
2. Provide necessary documents and accounts, revival project proposal etc.
3. Execute an agreement with the notified authority to avail the assistance.

Entitlement of an applicant

Entitlement in the scheme shall be limited to Rs.15 Lakhs per applicant unit and it can be availed only once as follows:-

Financial assistances

Financial Assistance under the scheme are provided for the following components.

1. Building Renovation- 25% of the total revival project cost limited to Rs.2 lakhs : -

Building Renovation includes maintenance and repair of existing factory building, construction of fresh roofing in factory shed, infrastructure for Waste disposal/Treatment facilities, etc.

2. Plant & Machinery and Electrification-40% of the total revival project cost limited to Rs.8 lakhs:-

Plant and Machinery includes Brand new balancing machinery required for production or cost of Partial mechanisation, Automation works, compressors, trays and Crates, weighting equipments, Processing tools and other machines for production purpose of its accessories and attachments, Repair and Maintenance of Existing machines, industrial electrification etc.
Working Capital (Margin)- 50% margin of working Capital loan approved by Financial institution subject to

- a. Assistance limited to Rs.2 lakhs for defunct MSMEs

- b. Assistance limited to Rs.5 lakhs for Cashew Units

4. Maximum Limit 12 lakh for defunct MSMEs per unit- 15 lakhs (Fifteen Lakhs) for defunct cashew processing per unit.

5. Bank Sanction of fresh working capital loan is mandatory for availing Working Capital (Margin) Assistance, but bank loan is not mandatory for assistance for building renovation, plant and machinery, electrification etc.

Recommending Authority

The Assistant District Industries Officers, Taluk Industries Officers concerned shall be the recommending authority for assistance under this scheme. The Assistant District Industries Officers shall ensure the feasibility of revival and genuineness of the requirement of each unit which apply for assistance under this scheme. Proper Verification of documents should also be done, at Taluk Level.

Sanctioning Authority

District Level Committee (DLC) under the chairmanship of Dist Collector and General Manager, District Industries Centres concerned as Convener and Lead District Manager and Manager Credit shall be the Sanctioning Authority.

Obligations of the Applicant Entrepreneurs

1. The applicant shall provide all required details and declare such information as to be true.
2. The applicant shall provide clarifications or further details sought by the recommending/ sanctioning authority
3. The applicant shall allow inspection or verification of any details mentioned in the application including plant and machinery and all other assets if so required by recommending/ sanctioning authority
4. The applicant shall produce originals of any important documents if so required by the recommending/ sanctioning authority for verification including
 - i. Title deed of land/land tax receipt if any
 - ii. Ownership Certificate of building if any
 - iii. Registered Lease deed or rent deed in such cases.
 - iv. Invoice or bill of Plant and machinery.
 - v. Valuation of Chartered Engineer for civil construction.
 - vi. Sanction order of Bank for Working Capital Loan if any.
5. The applicant shall execute the requisite legal agreement on Stamp paper worth Rs 200 as and when the proposal is approved for implementation and furnish the signed hard copy to General Manager, District Industries Centre.
6. The applicant shall utilize the amount received only in the manner agreed upon as per the revival project submitted.
7. The applicant shall operate the unit as stipulated in the agreement in which the quantum of support received, failing which the assistance shall be resumed by restoring the provisions of Kerala Revenue Recovery Act.

General Provisions

1. The assistance under the scheme shall be released to the eligible entrepreneur by bank on a pari-passu basis.

2. All applications for assistance under the scheme shall be submitted by the applicant and produce the originals along with details before the Recommending Authority.
3. The Officer while accepting the application form should examine whether all necessary details have been furnished. If any information is found inadequate the same should be intimated to the applicant unit both electronically and otherwise and grant 10 days time to rectify the defects.
4. The assistance shall be disbursed by sanctioning authority through the financing institution which has financed the unit for revival project on executing an agreement with the sanctioning authority in the prescribed format. If there is no financial assistance from banks for the revival project, assistance can be disbursed through current account of unit
5. Industrial units which receive the assistance will be under obligation to restart production within three months from the date of receipt of assistance in case of non working units and all units receiving assistance should remain working continuously for three years from the date of receipt of assistance.

Appeals

Appeals shall be filed before the Directorate of Industries & Commerce within 30 days from the date of issue of orders of the General Manager, District Industries Centres concerned. No appeal after this period will be entertained. The appeal shall be disposed of as far as possible within 3 months from the date of receipt of appeal after giving the appellant an opportunity of being heard whenever necessary.

Recoveries & Penalties

Any assistance under the scheme to an industrial unit is liable to be refunded by the unit with interest at the rate of 14% per annum from the date of receipt of the same, on issue of registered demand notice to the unit by the Recommending/Sanctioning Authority on ground of obtaining assistance by misrepresentation, forgery or deception or not found working continuously for 3 years from its commercial production. All amounts due to Government under this provision shall, in case of default, be recoverable as if they are arrears of land revenue under the provisions of the Kerala Revenue Recovery Act, 1968 or in such other manner as Government may deem fit. Sufficient opportunity to show cause in writing shall however be granted to the units before a demand raised against it.

Funds

Funds for the scheme shall be met from the head of account 2851-00-102-26(P) wherein an amount of Rs.700 lakhs is earmarked for Defunct MSMEs during 2020-2021.

The Director of Industries & Commerce shall have full powers to prepare applications forms, form of agreement and any other formats required for the proper implementation of the scheme, to make, sub-rules if any, required, without altering the guidelines.

As per G.O(Ms)No.149/93/ID dated 26/11/1993 & vide G.O(Ms)No. 169/98/ID dated 24/11 / 1998 Government have published negative list for units which are not eligible for any assistance from Government. This negative list is applicable for running or working units. Defunct Cashew processing units are exempted from the negative list for the purpose of this scheme.