

5% extra subsidy for MSME units in Purvanchal, Bundelkhand

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LUCKNOW: The newly promulgated UP MSME Promotion Policy-2022 will provide an additional capital subsidy for those willing to start new MSME units in the underserved Bundelkhand and Purvanchal regions. As per the policy notified on Wednesday, UP will extend up to 25% of capital subsidy on micro industries, 20% on small and 15% on medium enterprises to those working in Bundelkhand and Purvanchal region. This is 5% more in each slab awarded to investors in other parts of the state (Paschimanchal and Madhyanchal).

The policy provides for an additional 2% discount if the entrepreneur is a woman or youth from the Scheduled Caste or Scheduled Tribes category. Industry players said on an overall scale, the new policy has kept in view the demands and trends in the post-Covid economy.

While the bottomline is to develop UP as the most attractive investment destination in the country, it has made provisions to fuel village level economies. The policy provides for identification of five acres in each gram sabha for setting up small MSME units. According to officials, this would fuel village level economy while connecting them with state's overall economic development.

It also mandates development of industrial units/clusters within five kilometres range of expressways in the state. The policy also aims at encouraging new players to take calculated risks that would lead to business development and create jobs locally.

As per the policy, the government will compensate 50% of the interest amount paid by the company against the loan taken by it for setting up an MSME unit in the state for seven years.

Also, a cent per cent rebate in stamp duty levied on land procurement for an MSME would be extended to new units. The policy encourages development of flatted units in the state for which a committee under the leadership of the ACS (MSME) has been formed to prepare encouragement plans on a case to case basis.

Officials said that in the interest of the existing MSME units in the state, calculation of the benefits extended to them on the basis of SGST paid by them has been done away with. They said the older provision was a dampener. Besides this, the new policy has also relaxed certain provisions of IIP-2017.

The policy has opened avenues for development of MSME parks in important cities of the state on PPP model. It has mandated that if the MSME park coming up is spread across an area of 50 acres or more, 20% of the land would be reserved for residential, commercial and public amenities (like schools and hospitals).