



MADHYA PRADESH MSME DEVELOPMENT POLICY 2025



Government of Madhya Pradesh
Department of Micro, Small and Medium Enterprises



निजी निवेशक द्वारा विकसित औद्योगिक क्षेत्र/क्लस्टर



Madhya Pradesh MSME Development Policy 2025

**Department of Micro, Small and Medium Enterprises
Government of Madhya Pradesh**



अ.शा.पत्र क्रं. /मुमंनि/2025

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संदेश

प्रसन्नता का विषय है कि सूक्ष्म, लघु और मध्यम उद्यम (एमएसएमई) विभाग, मध्यप्रदेश शासन द्वारा निवेशकों को सहायता/सुविधा प्रदान करने के दृष्टिगत "म.प्र. एमएसएमई विकास नीति 2025" तैयार की गई है।

यह नीति उद्यमियों और औद्योगिक निकायों के साथ व्यापक विचार-विमर्श के बाद तैयार की गई है। नीति में वैश्विक प्रतिस्पर्धा, सर्कुलर इकोनॉमी, सेवा क्षेत्र के सेक्टर को पहली बार शामिल किया गया है। नीति में समावेशी विकास एवं क्षेत्रीय संतुलन का विशेष ध्यान रखा गया है।

एमएसएमई को कम लागत में अधिक रोजगार सृजन के रूप में जाना जाता है। रोजगार सृजन की महत्ता के दृष्टिगत राज्य शासन एमएसएमई के संवर्धन हेतु प्रतिबद्ध है।

"उद्यमेन हि सिध्यन्ति कार्याणि न मनोरथैः। प्रदेश के युवाओं को यह नीति प्रत्येक चरण में सहयोग करेगी।

नवीन नीति से अधिक से अधिक एमएसएमई प्रेरित होंगे और प्रदेश में निवेश करेंगे, जिससे रोजगार के नए अवसर सृजित होंगे, ऐसा मेरा विश्वास है।

हार्दिक शुभकामनाएं।

(डॉ. मोहन यादव)



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संदेश

सूक्ष्म, लघु और मध्यम उद्यम भारतीय अर्थव्यवस्था को गति एवं मजबूती प्रदान करने के साथ ही रोजगार सृजन में भी महत्वपूर्ण भूमिका निभा रहे हैं। भारत के हृदय स्थल मध्यप्रदेश में कियाशील हमारे उद्योग वैश्विक स्तर पर भी अपनी उपस्थिति दर्ज करा रहे हैं। हम एमएसएमई सेक्टर की उद्यमशीलता एवं रोजगार सृजन की क्षमता को स्वीकारते हुए उनको हरसंभव सहयोग देने हेतु प्रतिबद्ध हैं।

हमने सभी पक्षों से चर्चा कर निवेशकों की माँगों को समाहित करते हुए नई नीति में मध्यम उद्योगों के साथ-साथ सूक्ष्म एवं लघु उद्योगों को भी अधिक सुविधायें देने का प्रावधान किया है। इस नीति में अनुसूचित जाति, अनुसूचित जनजाति, महिला उद्यमियों के साथ-साथ औद्योगिक रूप से पिछड़े विकासखंडों के लिये विशेष सहायता का प्रावधान किया है। नवीन नीति में नवकरणीय ऊर्जा अपनाने के लिये भी प्रावधान किये हैं।

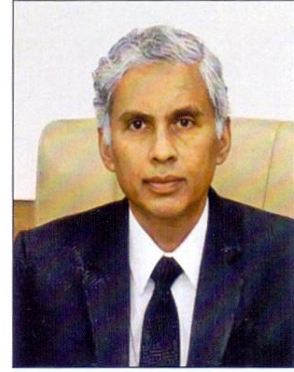
इस नीति में राष्ट्रीय एवं अंतरराष्ट्रीय प्रमाणीकरण एवं नवीनतम प्रौद्योगिकी के प्रयोग को बढ़ावा देने एवं निर्यात को प्रोत्साहन के लिये भी विशेष प्रावधान किये गये हैं। हमारा यह भविष्यगामी दृष्टिकोण प्रदेश को भारत के औद्योगिक परिदृश्य में अग्रणी स्थान प्राप्त करने में प्रभावी कदम सिद्ध होगा।

मैं सूक्ष्म, लघु एवं मध्यम सेक्टर से जुड़े सभी पक्षों को एमएसएमई विकास नीति-2025 के लागू होने के अवसर पर उज्ज्वल भविष्य के लिए बधाई एवं शुभकामनाएँ देता हूँ।

मुझे पूर्ण विश्वास है कि निवेशक मध्यप्रदेश की उद्यम हितैषी नीतियों एवं नियमों का लाभ उठाते हुए अधिकाधिक निवेश कर प्रदेश एवं राष्ट्र के विकास में अपना महत्वपूर्ण योगदान करेंगे।

(चेतन्य काश्यप)

मंत्री, सूक्ष्म, लघु और मध्यम उद्यम
मध्यप्रदेश शासन



India, the fastest growing large economy in the world, has embarked upon a journey to become Atmanirbhar and Viksit Bharat. Madhya Pradesh, one of the fastest growing States, has become the preferred destination for investment. The State offers “infinite possibilities” powered by abundant resources, state of the art infrastructure, an integrated holistic approach and forward-thinking leadership. These coupled with central location, excellent industrial labour relations, all assimilating culture position Madhya Pradesh as a key driver of comprehensive economic growth.

The State has formulated 18 new policies after thorough collaborative consultation with the stakeholders. While these policies provide financial incentives at par with the best provided by any other State, yet the focus is to provide seamless investment climate, exemplary Ease of Doing Business and reduction of compliance burden. State has already put in place mechanisms to streamline approvals, with faceless interface and time-bound clearances. Madhya Pradesh initiated the concept of the Public Service Delivery Guarantee Act and is committed to ensure that all approvals are notified under this Act. Providing plug and play infrastructure for industries is another important corner stone of the policies.

The MSME Development Policy, 2025 provides a strong framework to support the growth and development of Micro, Small, and Medium Enterprises (MSMEs), with a special focus on key sectors such as Food Processing, Pharmaceuticals and Medical Devices, Apparel, Textile, Power Loom, Footwear, Furniture, and Toys. By offering a range of incentives, the policy aims to strengthen production capabilities and enhance the market competitiveness of the MSMEs. Recognizing the vital role of innovation for export competitiveness, the policy encourages MSMEs to adopt new technologies and sustainable practices. It also acknowledges the evolving business landscape by promoting efficiency in logistics and integrating circular economy principles. With this forward-looking approach, the policy will ensure that MSMEs are well-equipped to compete in the global value chain while contributing to a sustainable and resilient economic ecosystem.

Hallmark of the Madhya Pradesh has been consistent, stable but yet nimble policy framework coupled with pro-active and transparent governance for sustained growth. Opportunity like never before beckons all prospective investors to come and create lasting partnership for their own prosperity and growth of Madhya Pradesh. We welcome you to come and join the growth story of Viksit Madhya Pradesh.

(Anurag Jain)
Chief Secretary
Madhya Pradesh



Foreward



The Madhya Pradesh MSME Development Policy 2025 has been formulated through extensive analysis, benchmarking against leading states, and the adoption of global best practices. It follows an investor-centric approach, aligning with the evolving needs of the MSME sector. Initiated in 2024, the Department of MSME has actively participated in Regional Industrial Conclaves hosted by the Department of Industrial Policy and Investment Promotion (DIPIP) across Madhya Pradesh and has conducted investor interactions at both national and international levels. Stakeholder consultations were held to identify key challenges, which this policy aims to address.

The MSME Development Policy 2025 identifies key sectors such as Pharmaceuticals & Medical Devices, Food Processing, Apparel, Textiles, Powerloom, Footwear, Furniture, and Toy Manufacturing, along with Research & Development and Circular Economy. It provides incentives for capital investment and operational costs, with special support for labour-intensive industries, skill development, and women's workforce participation. Additionally, the policy promotes industrial infrastructure, plug-and-play facilities, industrial clusters, and flatted industrial complexes.

To attract foreign investment, an FDI multiple offers additional incentives. Public-Private Partnerships (PPPs) will play a key role in developing industrial infrastructure, logistics, and sector-specific facilities, backed by attractive incentives. The policy is designed to enhance the MSME sector's contribution to the State's economy.

The Directorate of Industries (DoI) and the Department of MSME (DoMSME) remain committed to fostering a business-friendly environment through seamless export infrastructure, financial assistance, and policy support. With a progressive and transparent governance framework, MSMEs are encouraged to establish, expand, and scale their operations in Madhya Pradesh, further reinforcing the State's position as a premier hub for industrial excellence and global investment.

(Raghvendra Kumar Singh)

Principal Secretary

Department of Industrial Policy &
Investment Promotion and
Micro, Small and Medium Enterprises

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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the global economy, driving growth, fostering innovation, and generating employment. They form the foundation of industrial development and play a crucial role in local and global supply chains. Beyond their economic significance, MSMEs support livelihoods, reduce income disparities, and enhance economic resilience, contributing to sustainable and inclusive development.

In India, the MSME sector has undergone significant evolution over the past five decades, emerging as a cornerstone of the nation's economic and social fabric. Despite the dynamic global challenges, the sector continued to contribute 27.3% to India's GDP in 2020-21, rebounding to 29.6% in 2021-22 and reaching 30.1% in 2022-23. Additionally, MSMEs accounted for 45.79% of India's exports in 2024-25 (up to May 2024) reflecting their critical role in strengthening the country's global trade footprint.

There are over 16.50 lakh registered MSMEs in Madhya Pradesh with a total investment surpassing ₹53,000 crore and providing employment to more than 86 lakh individuals. As a key driver of economic growth, the sector plays a crucial role for balanced and inclusive development across both urban and rural regions of the State. Additionally, MSMEs are the largest employment generator after primary sector in the State, underlining their indispensable role in bolstering industrialization, entrepreneurship, and livelihoods in Madhya Pradesh. Their role in enhancing regional economic stability and driving self-reliance makes them a fundamental pillar of Madhya Pradesh's economic growth strategy.

Madhya Pradesh has exhibited remarkable economic growth over the years reinforcing its position as a progressive industrial state. In FY 2023-24, the State's Gross State Domestic Product (GSDP) reached ₹13,63,327 crore, registering a robust growth rate of 9.37%. This strong performance is underpinned by a well-balanced contribution from secondary sector particularly MSMEs, strengthening the State's standing as a crucial catalyst of economic progress in India. Meanwhile, the State has witnessed a significant rise in per capita income, nearly increasing fourfold at current prices over the past decade, reflecting overall economic progress and increased prosperity. However, to sustain this momentum and ensure inclusive development, it is imperative for the State to build a growth-oriented and technology driven MSME ecosystem which will aid MSMEs competitiveness, boost employment generation, promote industrial diversification through equitable growth across regions.

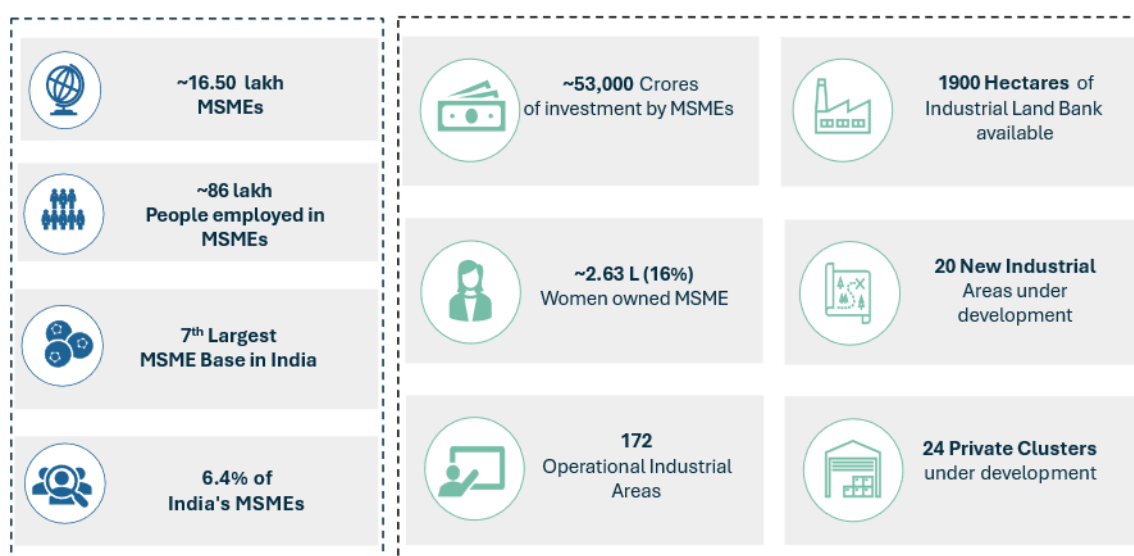
Madhya Pradesh is among the few States in India with a dedicated Department for Micro, Small & Medium Enterprises (MSMEs). The department is playing a critical role in formulating and implementing policies aimed at enhancing MSME competitiveness and driving socio-economic

development. Building upon this strong foundation, the MSME Development Policy 2025 has been designed to address emerging challenges faced by MSMEs and create an enabling ecosystem for MSMEs growth. The conducive policy focus on strengthening the entire MSME ecosystem through interventions in areas of improving credit facilitation, creating modern industrial infrastructure, leveraging technology and innovation to boost productivity, imparting skill development and capacity building, improving market access through responsive governance mechanism and Ease of Doing Business. Additionally, the policy offers targeted sector-specific incentives to stimulate high-potential industries, accelerating sectoral expansion, value chain integration and economic resilience. The policy actively promotes the leveraging of Government of India schemes and policies for the MSMEs based in the State. MSMEs can access enhanced credit guarantee cover up to ₹10 crore and for exporter MSMEs there is provision of ₹20 crore credit guarantee cover for the term loans. The policy stays aligned with GoI to accommodate future amendments as well.

This policy will leverage Madhya Pradesh's strategic advantages—its central location, skilled manpower, abundant agriculture, horticulture and natural resources, and thriving entrepreneurial spirit—while prioritizing key areas such as boosting the secondary sector focusing on MSMEs, fostering innovation and R&D, encouraging sustainable practices, and increasing private sector participation. By aligning with the vision of “*Viksit Madhya Pradesh @ 2047*”, the policy aspires to cement the role of MSMEs as drivers of economic growth and inclusive development.

2. Current MSME Scenario

The MSME sector has been a major growth driver for the State. The figure below demonstrates the various facets of this sector which underscores its importance.



3. Policy Period

This policy shall come into effect on 24th February, 2025 and will remain in force until amended or replaced by a new policy as determined by the Government of Madhya Pradesh. Amendments or revisions may be considered based on policy outcomes, stakeholder feedback, and government directives, ensuring its continued relevance and effectiveness. The Department of MSME, Govt. of Madhya Pradesh shall formulate and issue **MP MSME Promotion Scheme 2025** to operationalise this policy.

MSMEs which have started commercial production before 24th February, 2025 will be eligible to receive assistance under the earlier relevant policies. However, the existing MSME undertaking Expansion/Diversification/Technological Upgradation during effective period of this policy will be eligible for assistance/facilities equivalent to a new industrial unit on the additional eligible investment made by them, provided that the unit remains in the eligible MSME category after such investment.

4. Vision

“Our vision is to enable MSMEs become a vibrant and competitive force in the Indian economy, by providing them with the necessary assistance including capital and new age technology support. ensuring regional, economic and social balance.”

The vision of the Department of MSME aligns with the broader national vision of Viksit Bharat@2047 and State’s vision of Viksit Madhya Pradesh@2047 which aims to empower MSMEs as key drivers of economic development. The policy is a cornerstone of the State's economic growth strategies and aligns seamlessly with the State’s "Make in MP" and State’s “Atmanirbhar MP” campaign, preparing MSMEs for successful integration into the global economic arena. Through this vision, the department also intends to establish new MSMEs and enhance the efficiency and productivity of existing ones in State, generating employment and income, and becoming part of the global supply chain while ensuring structural change, competitive advantage, demographic dividend, and regional balance.

5. Objectives

The policy is designed to create a **conductive and growth-oriented MSME ecosystem** in Madhya Pradesh. Its key objectives include:

- i. To significantly enhance the contribution of MSMEs to Madhya Pradesh's GSDP by driving growth in manufacturing, services, and exports.

- ii. To create a robust and supportive ecosystem for MSMEs by facilitating access to finance, technology, infrastructure, and markets.
- iii. To enhance employment generation by encouraging MSME-led growth, with a focus on employment-intensive industries.
- iv. To enhance MSME competitiveness and productivity through skill development, innovation, quality improvement, and technology adoption.
- v. To adhere to Business Reform Action Plan (BRAP) by simplifying regulations and reducing compliance hurdles.
- vi. To ensure balanced industrial growth across all regions of Madhya Pradesh to create equal economic opportunities.
- vii. To encourage MSMEs to adopt environmentally sustainable and energy-efficient practices to achieve long-term industrial sustainability.
- viii. To promote sectoral diversification by fostering growth in non-traditional and emerging sectors, such as circular economy and renewable energy.
- ix. To leverage private sector expertise and investment for the development of MSME clusters, infrastructure, and capacity-building initiatives.
- x. To align with Viksit Madhya Pradesh @ 2047 vision to drive long-term industrial growth, innovation, and economic transformation.

6. Strategies to Strengthen MSME Ecosystem

6.1. Need for a Robust Ecosystem

The Government of Madhya Pradesh recognizes MSMEs as the key driver of its economic development. Traditionally, the State has been known for its agricultural prowess and practices, earning the title of an agrarian State. However, the government realizes that industrialization is the key to unlock Madhya Pradesh's infinite possibilities. Through this policy, the State government underscores the importance of prioritizing MSMEs in the State's development-centric decision-making, intervention design, and implementation processes. The focus is on creating an enabling environment for MSMEs, considering the following aspects:

- (i) Investments that begin small have the potential to grow significantly, fostering an entrepreneurial spirit among the general populace.
- (ii) MSMEs are the main service enablers of large industries across the State. As an ancillary unit, they are critical for providing essential services across industries which leads to the inclusive growth of the State.

- (iii) The ease of entry and exit into business encourages greater participation and adaptability in the MSME sector.
- (iv) MSMEs generate employment for a larger portion of the population, being the second-largest employer after agriculture.
- (v) MSMEs create an ancillary ecosystem encompassing manufacturing, processing, logistics & other services, and trading, which supports large industries, agricultural outputs, human resources, and other available resources.

Thereby, the State government intends to undertake the following measures to promote, protect and facilitate MSMEs in the State –

- (i) Create a conducive ecosystem for equitable growth across all sectors and regions in the State.
- (ii) Undertake the relevant studies for creating strategies for MSMEs to be future ready.
- (iii) Conduct periodic stakeholders' consultation to identify needs, exchange the knowledge, explore new market and adopt new practices.
- (iv) Assess the external environment to identify potential challenges for MSMEs of the State and to take effective measures.
- (v) Department shall leverage Central and State government schemes to nurture the MSME ecosystem in the State.

6.2. Policies, Schemes and Regulatory Framework

The Department will formulate and implement policies and other interventions to nurture and strengthen the sector.

6.2.1. Policy and Scheme Framework

- (i) It will introduce amend or develop new policies tailored to the specific needs of MSMEs, focusing on access to credit, subsidies, and simplified regulations.
- (ii) It will design and implement the relevant schemes with well-defined criteria, procedure and departments entitlements to ensure benefits of policies are effectively extended to MSMEs across the State.
- (iii) It will provide financial incentives, grants, and subsidies to support MSMEs, particularly in areas such as innovation, export promotion, and infrastructure development.

6.2.2. Regulatory frameworks – Ease of Doing Business

The Ease of Doing Business is a critical driver of the entrepreneurial growth in the State. This is specially underlined in the MSME sector where the resource and time bandwidth for obtaining various perquisites are limited. Madhya Pradesh has facilitated this ease by taking several initiatives. These steps have led to the State achieving a 4th place ranking in Ease of Doing Business (EODB) in 2019. The State was also featured in the “Achiever’s Category” of 2020 and “Top Achievers” in BRAP ranking of 2022. All these ranking improvements reflect the strides, the State has made in improving the Ease of Doing Business -

- (i) **Jan Vishwas Bill** - Madhya Pradesh has introduced the landmark *Jan Vishwas Bill* which is first of its kind in India which facilitates the Ease of Doing Business by focusing on Decriminalization and Rationalization of penalties in certain cases which an individual may face during his entrepreneurial journey. It also reduces the compliance burden and simplifies resolution. Madhya Pradesh, through this bill, has decriminalized 64 provisions across 8 State Acts administered by 5 department. This bill, hence, incentivizes the entrepreneurs to invest and conduct business in the State.
- (ii) **Business Reform Action Plan (BRAP)** - The Department will take steps, in line with the provisions of the Business Reform Action Plan to ensure ease of business for MSMEs. It will take measures which include
 - a. Facilitating the ease of establishing a new enterprise in 30 days with deemed approval.
 - b. Encouraging growth of MSMEs by providing exemption from certain regulatory obligations for three years in new industries.
 - c. Facilitating GIS based land allotment system for industries.
 - d. Reduction and simplification of Burdensome compliances which frees MSME’s bandwidth to concentrate on increasing the productivity.
 - e. Any other measures as per the latest BRAP to simplify the ease of business process.
- (iii) **Public Service Guarantee (PSG) Act 2010:** The PSG act ensures that government services are delivered on time by holding the officials accountable for any delays. It sets clear timelines for departmental services, making the process simpler and more efficient for individuals, businesses and institutions. In this regard, the services provided to MSMEs by the Department will continue to be covered under Public Service Guarantee Act 2010. All incentives related to MSME and Startup will continue to be covered under this act. All applications related to industrial land allotment and Self-employment scheme by the Department will continue to be covered under this act with fixed timeline.

- (iv) ***Madhya Pradesh Udyogon ki Sthapna Evam Parichalan Ka Saralikaran Adhiniyam, 2023:*** To boost the economic development and industrial growth in the State, the Govt. of Madhya Pradesh introduced *Madhya Pradesh Udyogon ki Sthapna Evam Parichalan Ka Saralikaran Adhiniyam, 2023*. This Act simplifies the process of setting up of industries by offering a 3-year interim approval through an Acknowledgement Certificate. This allows units, especially MSMEs, to operate without immediate approvals or inspection. However, the units are required to obtain the necessary approvals before starting operations within this period and inspections will only occur if requested by the unit or after the 3-year period ends.

The State government intends to implement reforms under the Ease of Doing Business initiative to streamline processes such as business registration, permits, and other regulatory requirements, enabling easier establishment and operation of MSMEs.

6.3. Industrial Infrastructure Development

The industrial infrastructure plays a vital role in MSME ecosystem development for the sustainability of the business. Department of MSME aims to create enabling infrastructure that, attract investment, inspires entrepreneurs to expand, diversify, and sustain their businesses in Madhya Pradesh through below interventions:-

- (i) Create a suitable land bank to meet the future requirements of MSMEs that can be developed and allotted to MSME units as per the demand assessment.
- (ii) Develop dedicated multiproduct industrial areas and sector-specific industrial infrastructure for MSMEs, across the State, for boosting the ecosystem by providing tailored infrastructure facilities like road, electricity, drainage and other provision based on the assessment of MSMEs requirements. This step fosters collaboration among the MSMEs and enhances sectoral growth.
- (iii) Reduce the individual investments cost by promotion of Flatted Industrial Complexes, Plug and Play and logistics parks, etc.
- (iv) Promote infrastructure development through private players. This step facilitates the entry of private expertise and capital in the critical infrastructure needed for industrial growth. Thus, freeing the financial and operational bandwidth of the government.
- (v) Department will encourage development of industrial areas on the private land.

- (vi) Strengthen the infrastructure and cluster development cell through training and capacity building initiatives.
- (vii) M.P. Laghu Udyog Nigam will be made nodal agency for development, operation & maintenance of industrial area/clusters for the MSMEs in the State.
- (viii) A Project Management Unit (PMU) will be created for Industrial Infrastructure Development.
- (ix) Department will leverage the central sector and centrally sponsored schemes to support and expedite the infrastructure development.

6.4. Improve Financial Accessibility

- (i) The Department will provide industrial development subsidy to new units with additional provision for women and entrepreneurs from weaker sections of the society promoting inclusive growth.
- (ii) The Department will continue to leverage self-employment schemes like Central government's PMEGP and the State's own *Mukhyamantri Udyam Kranti Yojana* which would nudge the entrepreneurs, from the lower strata of the economy, to be part of formal economy.
- (iii) Department will strengthen Micro and Small Enterprises Facilitation Council (MSEFC) to widen its outreach, ensuring timely dispute resolution. It will also conduct awareness campaigns and promote financial discipline among stakeholders for better financial health for MSEs.
- (iv) Department will promote various Central and State Government schemes/platforms, such as SME Exchange, CGTMSE, SIDBI Schemes, MUDRA, PMEGP, and TReDS, to support MSMEs in improving their financial access and sustainability.
- (v) The Department shall promote and provide financial support to SMEs for listing and raising capital on SME stock exchanges.
- (vi) The State will continue to leverage the alternate finance service providers to provide credit to MSMEs. This shall be done through various MOUs which result in MSMEs avail critical capital assistance from various associations. Other financial avenues shall also be explored based on the viability assessment and regulatory norms adherence.
- (vii) The State will proactively support Banks, as the principal financial intermediaries, to boost the credit penetration in the MSME segment. This support shall entail various steps, not limited to periodic consultations, and will align with the Annual Credit Plan data as a yardstick for achievement.

6.5. Widening Market Access

The incentive to grow is incumbent on the continuous profit which, in turn, is dependent on the widening of market base. Hence, the Department shall explore various mechanism to enhance MSMEs market base in the Domestic and International Market

- (i) The Department shall continue to leverage its existing MOUs and establish new partnerships with various e-marketplace entities to onboard the MSMEs of the State. It will aid these entities in running the required sensitization campaigns and other processes to ease onboarding and subsequent steps in MSMEs' emergence as sellers. Additionally, the Department will encourage the participation of MSMEs on the GeM portal, ONDC and other E-commerce platforms such as India Mart, Walmart Vriddhi, Amazon etc.
- (ii) The Department shall continue to provide the necessary certifications like BIS which help cover wider market base nationally. The policy will also incentivize MSMEs acquire necessary certifications for increasing its export prowess.
- (iii) The Department shall provide necessary financial and handholding support to MSMEs to participate in trade fairs in India and abroad to market their products.
- (iv) The Department will identify products with export potential in MSMEs across the State and chart a blueprint to realize that potential with the help of prominent stakeholders . It shall also organize reverse buyer-seller meets and leverage Embassies, High Commissions, and other Diaspora connections to market these products in host nations.
- (v) The Department will establish industry collaborations and synergistic partnerships through various platforms to enable MSMEs to work with larger companies, research institutions, and international businesses, enhancing their growth prospects. Networking initiatives will also be undertaken to connect MSMEs with potential investors, mentors, and stakeholders from within and outside the country.
- (vi) The policy promotes units based in the State to leverage the benefits announced by Gol as support to MSMEs be it export credit, cross border factoring support or others to tackle non-tariff measures in overseas markets. The policy also encourages the State-based units to access Gol's Bharat Trade Net for trade documentation, financing solutions and integration with global supply chain. The policy also aligns with the National Framework for GCCs (Global Capability Centres)

6.6. Skill Development, Entrepreneurship and Employment

Skill development, entrepreneurship, and employment are the lifeblood of MSMEs. These enterprises thrive on skilled workers and innovative entrepreneurs, creating countless jobs and driving local economies. By fostering talent and promoting entrepreneurial spirit, MSMEs not only build businesses but also empower communities and fuel economic growth. To sustainably continue the above department will take the following actions -

- (i) The Department will reimburse expenditure costs for skill development and training for the labour force employed in thrust sectors.
- (ii) The Department will collaborate with ITIs and other skill development entities to design courses that reskill and upskill the labour force according to market demand.
- (iii) The Department will strengthen the Centre for Entrepreneurship Development, Madhya Pradesh (CEDMAP) to bridge the skill gap and empower individuals for both employment and entrepreneurship. This will be achieved by promoting entrepreneurship and skill development. Additionally, the Department will enhance CEDMAP's role in creating a repository of industry-relevant courses to prepare youth with the latest industrial processes and practices across sectors.
- (iv) The Department will leverage technical institutes, global skill parks and other similar prominent institutions for strengthening the skill development training in the State. The Department will continue collaborating with sector-specific and technical institutions like IIT, IIM, NIFT, CIPET and EDII for skill development, capacity building, and entrepreneurship promotion.
- (v) Department will promote the skill and entrepreneurship development trainings in the new edge technologies such as AI, industry 4.0 and other Frontier Techniques to enable MSMEs adopt these technologies. Department will work in line of Atal Tinkering Lab for fostering innovation, and support MSMEs in prototype development.
- (vi) The Department will connect skilled youth to potential MSME employers through the development and maintenance of an online employment portal.

6.7. Enhance Access to Emerging Technologies

Technology has always been the primary catalyst for industrial growth. The Department shall take following measures in technology adoption and upgradation -

- (i) The Department will provide financial assistance for technological adoption by the MSME units. Department will facilitate MSMEs to access the latest technologies, improve product quality, and enhance competitiveness.
- (ii) The Department shall mine other technological trends which can be embraced for the sector's growth. This includes frontier technologies like Artificial Intelligence (AI), quantum computing and technology, Internet of Things (IoT), bioengineering, bio dynamics, bio printing, human augmentation, genetic engineering, organoid, brain computer interface, and renewable energy etc.
- (iii) Department will support R&D initiatives, especially for MSMEs involved in technology and innovation.
- (iv) The department will promote digitalization, automation, and lean manufacturing to help MSMEs integrate digital tools, automated systems, and advanced technologies into their operations, improving efficiency, productivity, and competitiveness.
- (v) Department will focus on implementing the new age technology, through better awareness, adopting of best practices, developing (indigenous technology) as well as technological collaboration with global partners.
- (vi) Department will leverage the central government established Technology Centres in the State through education, awareness, exposure visits and through execution of MoUs for training and skill development for the domain in which they provide training and capacity building training.
- (vii) Department will ensure technology linked skill development, so that enterprises do not face the problem of lack of skilled workforce when they adopt the technology. This may require linking the incubation centres with vocational training institutes.

6.8. Integrated Cluster Development Strategy

The department has adopted the cluster development approach to enhance the competitiveness and productivity of MSMEs by grouping them geographically into clusters, allowing them to create and share common infrastructure, technology, skills, and market access, thereby overcoming individual limitations and achieving economies of scale through collective action; essentially boosting their overall efficiency and market reach within a specific sector. The department will continue with cluster development initiative with the following actionable -

- (i) Department will develop several multiproduct and sector specific clusters across State on-
 - a) Government land by Government
 - b) Government land by private players
 - c) Private land by private players
- (ii) The Department will continue to promote cluster development by leveraging the shared strengths of MSMEs that produce similar or complementary products or services. These shared strengths include shared physical infrastructure, common production methods, quality control, energy use, and pollution management; similar technology levels and marketing strategies; shared communication channels; and common market and skill requirements within a close geographic proximity.
- (iii) The department will leverage dovetailing and Convergence of Govt schemes for cluster development and promotion.

These initiative will enhance cluster's global identity, improve market access, reduce input costs, and provide access to the latest cost-effective technologies.

6.9. Monitoring and Evaluation

The Department shall create a digital monitoring and evaluation framework for implementation of the policy. A mechanism will be developed for the concurrent monitoring of implementation of policy provisions. The Department shall maintain the data repository required for this process and will leverage the standard digital tools for the process improvements, better policy formulation, tracking performance, and identifying key growth challenges. The department will also regularly assess the effectiveness of MSME policies, schemes, and programs to ensure they are meeting their objectives.

7. Financial Assistance

For effective implementation of the policy, financial assistance/facilities will be provided as follows to the manufacturing units except clause 7.6 (ii), (iii) & (iv) and standalone testing lab as per clause 7.8 (ii):-

7.1. Industrial Development Subsidy/Investment Promotion Assistance

7.1.1. Investment up to ₹10 crores in Plant and Machinery (P&M)

- (i) 40% of the eligible investment made in plant & machinery, building and the eligible items defined in clause 17(vi) of the policy till the date of commercial production, will be provided as industrial development subsidy to the new industrial unit. This assistance shall be disbursed in 4 equal annual installments.
- (ii) The cost of building will be limited to 100% of the cost of Plant and Machinery for the purpose of calculation of assistance.
- (iii) An additional Industrial Development Subsidy of 2% per year (for four years) will be provided for units established by Women, SC, or ST entrepreneurs **or** 2.5% per year (for four years) for the unit setup by SC/ST category women entrepreneur(s); and
- (iv) Additional Industry Development Subsidy of 2% per year (for four years) for the industrial unit for exporting more than 25% and up to 50% of their total sales.

or

Additional Industry Development Subsidy of 3% per year (For four years) for the industrial unit for exporting more than 50% of their total sales;

7.1.2. Investment more than ₹10 crores to maximum limit of medium enterprises in P&M

- (i) Up to 40% of the eligible investment made in plant & machinery, building and the eligible item defined in clause 17(vi) of the policy, will be provided as investment promotion assistance to the new industrial unit. (As per Annexure-II)
- (ii) The total eligible investment made by the unit upto date of commercial production and for a period of one year thereafter will be taken into account for assistance.
- (iii) This assistance shall be disbursed in 7 equal annual installments.

- (iv) If the commercial production commences upto 30th September of relevant year, it shall be considered as the base/first year for commercial operation date. However, if the commercial production commences after 30th September of relevant year, the unit shall be provided an option to choose current year or the next year as their base/first year for commercial operation date.

The incentive multipliers for investment more than ₹10 Cr in P&M are as below: -

(v) Gross Supply Value Multiple –

- a. Maximum Gross Supply Value Multiple will be '1'.
- b. Maximum Gross Supply Value Multiple for the first year shall be considered '1' provided utilization of installed capacity is at least 40%. In case of production is less than 40%, the gross supply value multiple will be proportionately less than '1' and the assistance shall be proportionately reduced.
- c. Gross supply value in subsequent Years should be 75% of the maximum gross supply value of the preceding year(s) or 50% of installed capacity, whichever is more, then the multiple will be treated as '1'. Upon the failure of above condition, the investment promotion assistance amount will be reduced proportionately.
- d. In the calculation of investment promotion assistance under expansion considering the total production capacity of the original and expanded unit as installed capacity. The gross supply value will be determined on above basis.

(vi) Export Multiple –

- a. Exporting units will be given the benefit of additional investment promotion assistance amount ranging from 1.0 to maximum 1.3 times for export of minimum 25% to 75% of the goods produced by them. (As per Annexure-II)
- b. If the export value is less than 25% of the production value, then the Export Multiple will be '1'. If Export value exceed 75% of production value, then Export Multiple will remain '1.3'.

(vii) Employment Multiple –

- a. The Employment Multiple shall vary from 1.0 to 1.5, based on the employment generation by a unit in the range of 100 employee to 2500 employees. (As per Annexure-II)
- b. Employment up to 100 employees, Employment multiple will be '1'. For 2500 & above employees, Employment Multiple will be capped at '1.5'.
- c. Assistance under expansion/ diversification will be calculated considering Employment multiple as '1' in any case.

(viii) Geographical Multiple –

- a. Industries setting up in priority blocks, falling under the districts located in the State, will be eligible for an additional Investment Promotion Assistance of '1.3' times and in other blocks located in the district, the multiple will be considered as '1'.

(ix) Foreign Direct Investment (FDI) Multiple

- a. The FDI Multiple shall vary from 1.1 to 1.2, based on the FDI equity in the range of 26% to 50%.
- b. FDI equity less than 26% FDI multiple will be '1'. For FDI equity 51% & above, multiple will be capped at '1.2'.

7.2. Support for Quality Certification

- (i) The State Government will reimburse 100% of the expenditure incurred on quality certification such as ISO/ BIS/ BEE / ISI/ FPO/ AGMARK by a unit during the effective period of the policy, subject to a maximum of ₹20 lakhs. The unit will be eligible for reimbursement for more than one certification but the total amount of assistance for all certifications will not exceed ₹20 lakh.
- (ii) Assistance up to 50% of the cost incurred (subject to maximum limit of ₹50 lakh) for obtaining quality certification exclusively for export in other countries, during the effective period of the policy. The unit will be eligible for reimbursement for more than one certification but the total amount of assistance for all certifications will not exceed ₹50 lakh.

- (iii) During the effective period of the policy, 10%, 20% and 25% of the expenditure incurred on obtaining ZED certification will be reimbursed by the State Government to micro, small and medium units, respectively.
- (iv) MoMSME, GoI is providing subsidy to MSMEs for LEAN adoption under its MSME Competitive (LEAN) Scheme. Assistance up to 90%, additional 5% for MSMEs which are part of SFURTI/MSE-CDP Clusters, Woman/SC/ ST owned, and additional 5% extra if the units come through any registered Industry association are provided by GoI. State Govt will reimburse the remaining expenditure incurred to those MSMEs which successfully implement LEAN after getting the certification (intermediate or advance level) from the competent authority i.e., National Productivity Council (NPC) or Quality Council of India (QCI). The prevalent guideline of MSME Competitive LEAN scheme of MoMSME, GoI will be considered for availing provisions under LEAN Scheme.

If a unit does not receive above assistance from the Government of India, then GoMP will reimburse 50% of the expenditure incurred on purchasing machines/hardware that have integrated software technology and are capable of measuring Overall Equipment Effectiveness (OEE), during the effective policy period [certified by empaneled consultants under the MSME Competitive (Lean) Scheme of the Government of India] subject to a maximum of ₹15 lakh.

7.3. Patents/IPR Reimbursement

Reimbursement of 100% of expenditure incurred for patent/IPR registration to MSME units during the effective period of the policy, subject to a maximum of ₹10 lakh/patent. The entity will be eligible for reimbursement for more than one patent but the assistance for each patent will not exceed ₹10 lakh.

7.4. Financial Assistance for Energy Audit

To promote energy efficiencies in MSME units investing up to a maximum of ₹10 crores in plant and machinery, GoMP will reimburse 50% of the cost of conducting energy audit, subject to a maximum of ₹50,000 and 25% of the cost maximum ₹5 Lakhs for adoption of equipment and machinery, during the effective policy period.

7.5. Financial Assistance for Green Industrialization

- (i) Units having an investment up to ₹10 crore in Plant and Machinery will be provided 50%, subject to maximum limit of ₹50 lakh on expenditure incurred in waste management, pollution control devices, health and safety equipment, and water conservation measures during the policy period, and units having an investment more than ₹10 crore in plant and machinery will be provided 50%, subject to maximum limit of ₹250 lakh for the same.

- (ii) During the effective period of the policy, a group of at least five MSME units having an investment up to ₹10 crore in plant and machinery in each unit will be eligible for 50% financial assistance, subject to maximum limit of ₹100 lakh, for the establishment of a Common Effluent Treatment Plant (CETP). For a group of at least five MSME units having investment more than ₹10 crore in plant and machinery in each unit, the financial assistance will be 50% of the expenditure incurred, subject to a maximum limit of ₹300 lakh.

7.6. Financial Assistance for Infrastructure Development

- (i) Industrial units established on privately owned land or undeveloped government land, with an investment of at least ₹1 crore and up to ₹10 crore in plant and machinery, will be eligible for financial assistance of 50% of the expenditure incurred on infrastructure development for roads, electricity, and water up to their premises, subject to a maximum limit of ₹25 lakh, and for units having more than ₹10 crore in plant and machinery, assistance of 50%, with a maximum limit of ₹300 lakh.
- (ii) For the establishment of an industrial area/cluster by the private sector with a minimum area from 2 to 4 hectares, financial assistance will be provided @50% of the total development cost or ₹50 lakh per hectare and for the industrial area/cluster having area more than 4 hectares @40% of the development cost or ₹50 lakh per hectare, whichever is less. Assistance for clusters with an area of more than 4 hectares will be calculated on a telescopic basis. The maximum limit for assistance provided for industrial areas/clusters will be ₹40 crore.
- (iii) For the establishment of a Flatted Industrial Complex with a minimum carpet area of 1,000 square meters, assistance will be provided at @50% of the total expenditure incurred in development or ₹8,000 per square meter (carpet area), whichever is less. The maximum limit for assistance provided for Flatted Industrial Complex will be ₹40 crore.
- (iv) For the establishment or development of industrial areas/ clusters/ Flatted Industrial Complex for pharmaceutical, powerloom, apparel and made ups, footwear, toy and furniture sector by private developers, assistance at the rate of 60% will be provided subject to the maximum limit as specified in Clauses (ii) & (iii) above.

7.7. Freight Assistance for Export

During the effective period of the policy, exporter units will be provided 50% of the total inland freight cost, subject to maximum limit of ₹40 lakh per year, for transporting their products from industrial premises to the gateway port and international air cargo facility. This assistance will be available for a period of 5 years.

Department shall adopt the Export Policy 2025 as issued by the Department of IPIP, and all the provision and assistance as mentioned in the export policy shall also be extended to manufacturing MSMEs.

7.8. Global Competitiveness

Apart from quality adherence by the final product, process optimization also plays an important role in making an MSME competitive. With proper tools and planning, MSMEs save cost and time which increases output and financial bandwidth for further investments. The Department underscores the importance of this practice in the sector here specially for the units which have a more traditional modus operandi.

To assist Manufacturing MSME for global competitiveness, following additional assistance will be provided-

- i. **Assistance for Technology Transfer** – Financial assistance of 50%, up to ₹50 lakh, will be provided to MSMEs in the State for technology acquisition from the National Research and Development Corporation (NRDC) or other Government Research Institutions/Centres. For technology purchased from Global Institutes, assistance will be limited to 50%, up to ₹100 lakh. Technology acquired from foreign institutions will be subject to the GoI norms.
- ii. **Assistance for establishing Testing Lab** – Financial assistance of 50%, up to ₹20 lakh, will be provided for expenses incurred in establishing standalone or inhouse testing labs, during the policy period.
- iii. **Assistance for SME Exchange** – Financial assistance for listing and raising capital on the SME stock exchange shall be provided @50%, up to a maximum of ₹40 lakh, on the total expenses incurred for this purpose.

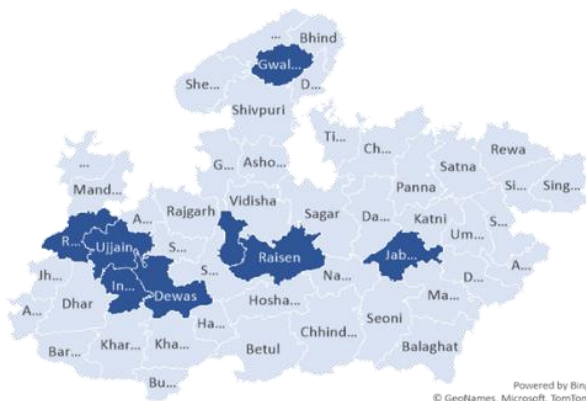
8. Special Packages for Focus Sectors

The following packages will be applicable either as additional benefits **(in addition to assistance mentioned in clause 7, if applicable)** or on a standalone basis, depending on the sector of activities.

8.1. Pharmaceutical and Medical Device Manufacturing Units

Owing to its central location and rising per capita income, Madhya Pradesh has emerged as a leading hub for healthcare and pharmaceutical industries in India, creating substantial opportunities for the pharmaceutical and medical device sectors in the State.

To leverage this strength and further nurture the sector, the Department of MSME has introduced targeted policy provisions, offering financial support to pharmaceutical enterprises.

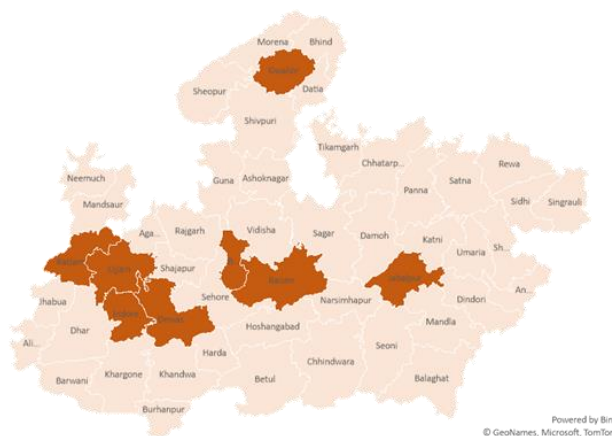


- (i) **Export Certification assistance:** During the effective period of policy, 50% of the expenses incurred on creating facilities for obtaining WHO-GMP, US-FDA, or other export enabling certifications would be reimbursed, subject to maximum limit of ₹100 lakh.
- (ii) **Pharmaceutical Lab setup:** During the effective period of policy, 50% of the expenses incurred for the installation of machinery and equipment for pharmaceutical labs will be reimbursed, subject to maximum limit of ₹100 lakh.
- (iii) **Industrial development subsidy:** For pharmaceutical units having investment up to ₹10 crore in plant and machinery, the cost of buildings shall not be more than **200% of the cost of the plant and machinery** for the purpose of calculating the industrial development subsidy.
- (iv) **Interest Subsidy:** Pharmaceutical/medical device manufacturing units having investment more than ₹5 crore in plant and machinery shall be eligible for interest subsidy @5% on term loans taken from financial institutions/banks, for a period of 5 years, with a maximum of ₹100 lakh per year.

- (v) **Investment Promotion Assistance** - API/Bulk drugs and medical devices manufacturers having investment more than ₹10 crores to maximum limit of medium enterprises in P&M will get 1.3 times of basic investment promotion assistance (BIPA) (as per clause 7.1.2(i))
- (vi) **Slack period:** Pharmaceutical MSMEs having investment more than ₹10.00 crore in plant and machinery shall be eligible to avail a slack period of up to two years from the date of commercial production of the unit for claiming incentives with certain conditions. However, the **time period for the assistance shall remain unchanged for a period of seven years.**

8.2. Food Processing Units

Madhya Pradesh's vast agricultural production base offers immense potential for the food processing sector. The State hosts major food processing industries, creating opportunities for ancillary MSME units, primarily located in Raisen, Jabalpur, Gwalior, Ujjain, Indore, Dewas, and Ratlam. To harness this potential, the Department has introduced targeted policy provisions aimed at positioning Madhya Pradesh as a leading food processing hub for both domestic and global markets.



The policy provisions for food processing units include: -

- (i) **Investment promotion assistance:** Food Processing Industries having investment more than ₹10 crores to maximum limit of medium enterprises in P&M will get 1.5 times of basic investment promotion assistance (BIPA) (as per clause 7.1.2(ii))
- (ii) New Food processing units having investment of more than ₹5 crore and up to maximum limit of medium enterprises in plant and machinery will be eligible for the following assistance in addition to basic investment promotion assistance (BIPA):
- Reimbursement of Power Tariff:** New/expansion/diversification units will be eligible for the reimbursement @ ₹1 per unit on the prevailing electricity tariff purchased from DISCOMS/grids. This will be in addition to rebate provided (if any) by the MP Electricity Regulatory Commission's tariff orders, for a period of 5 years.

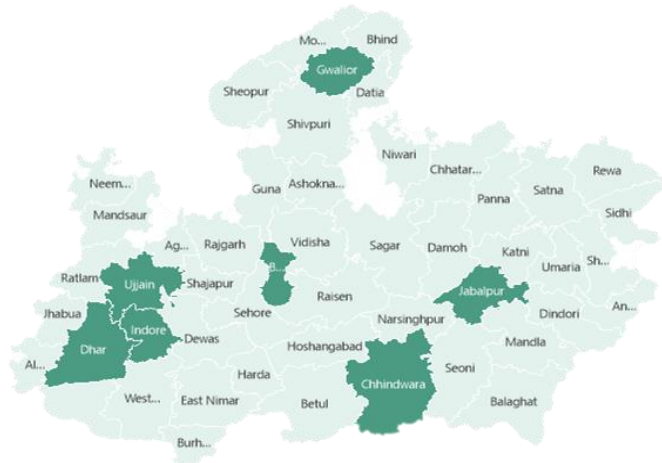
b. Mandi Fee Reimbursement:

- All eligible food processing units will receive a 100% reimbursement of mandi fee up to the limit of 50% of the investment in plant and machinery, or for a period of 5 years from the date of commercial production (whichever is earlier).
- The reimbursement of Mandi fee will only be provided to those units that purchase agricultural produce from within the State.

(iii) **Production Linked Incentives:** Assistance of 1% on annual net sales turnover will be provided for a period of five years, subject to maximum limit of ₹5 crore. This assistance will commence from the first financial year following the date of commercial production **or** the Industry Development subsidy/Investment Promotion Assistance (as per Policy Clause 7.1).

8.3. Apparel Sector

The importance of the apparel industry is reflected in many State government initiatives, such as the Apparel Incubation Centre in Gwalior. Madhya Pradesh has a presence of apparel units in Jabalpur, Chhindwara, Bhopal, Ujjain, Indore, Dhar, and Gwalior districts. As the State covers new ground through these steps, the MSME segment needs to catch up to leverage it completely. Department has these focused provisions for the segment's growth -



- Employment Generation Assistance:** Apparel and made ups manufacturing units having at least ₹1crore and up to ₹5 crores investment in plant & machinery & minimum 25 regular employee, will be provided 25% of salary of each regular employee, which is a permanent resident of the State, maximum ₹2500 per month, up to an annual limit of ₹5 lakhs, for 5 years as an assistance.
- Apparels and made ups manufacturing unit having more than ₹5 crores investment in plant and machinery, will be eligible for assistance/facilities as follows :-

- a. **Interest Subsidy:** @5% interest subsidy will be provided on term loans taken from financial institutions/banks for plant and certain machineries, for a period of 7 years.
- b. **Reimbursement of Training Expense:** In view of the requirement of the technical and skilled employees to textile projects, skill development and training expenses reimbursement assistance of ₹13,000 per new employee shall be provided for 5 years. The assistance shall only be provided to Bonafide resident of Madhya Pradesh.
- c. **Employment Generation Subsidy:** All the new employees appointed in the period of first eight years from the date of commencement of commercial production in the unit by the employer, will be eligible to receive benefit of an assistance of **₹5,000 per employee per month**. The assistance period will be maximum for five years. This assistance will be limited to a period of 10 years from the date of commencement of commercial production, which means that the new employee appointed in the eighth year will be eligible for employment generation subsidy from the date of appointment for the next two years. The mentioned assistance will be subject to the following condition:

#.	Period	*Minimum Average %
1	Within 1 year	50
2	Within 3 years	75
3	Within 5 years	90

* Out of total number of employees in the unit, minimum average percentage of Bonafide resident of the State since the date of commencement of production.

Note: Non-compliance of the above conditions will result in the proportionate reduction in the employment generation subsidy.

- d. **Reimbursement of Stamp Duty and Registration Fee** - Units getting land on lease in industrial areas established by the State Government will be reimbursed the stamp duty and registration fee charged on lease land.
- e. **Exemption on Electricity duty:** All eligible new units will be provided electricity duty exemption for a period of 7 years from the date of commencement of commercial operation.

- f. **Reimbursement of Power Tariff:** New/expansion/diversification units will be eligible for the reimbursement @ ₹1 per unit on the prevailing electricity tariff purchased from DISCOMS/grids. This will be in addition to rebate provided (if any) by the MP Electricity Regulatory Commission's tariff orders, for a period of 7 years.
 - g. **Concession on development charges:** Apparels and made ups units getting land in the industrial area will be given concession @50% on the development charge levied, in accordance with the prevailing “Industrial Land and Building Allotment and Management Rules to MSMEs”, on the unit.
 - h. The benefits mentioned in clause (a) to (g) above will only be available to industries established on land identified/earmarked for industrial purposes.
- (iii) The total amount of assistance for apparels and made ups units will be limited to 200% of the fixed capital investment made by the unit.

8.4. Textile Units

Madhya Pradesh is the textile hub of India. It is home to traditional textiles like Chanderi, Maheshwari, Bagh Print, Hand-block Print, Batik Print etc. Major textile industries have invested in both greenfield and brownfield project in the State. The sector has a robust presence in Indore, Ujjain, Raisen, Sehore, Dhar Dewas, Khargone, Khandwa, Burhanpur, Gwalior, Chhindwara and Jabalpur. The MSMEs engaged in this segment curate an inclusive growth story for the State.



Textile units, having investment more than ₹10 crore to maximum limit of medium enterprises in plant and machinery, will be eligible for the following assistance:

- (i) **Interest subsidy for new units and units planning for expansion/diversification -** Interest subsidy on the term loan taken for plant and certain machineries, will be provided from the date of commencement of commercial production, as follows: -

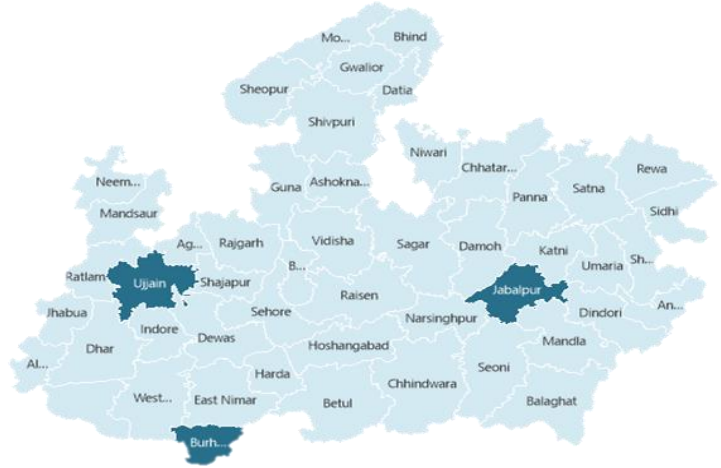
#	Unit Type	Interest Subsidy
1	For New Units with an investment up to ₹25 crores in fixed capital investment	@2% for 5 years, subject to a limit of ₹5 crores
2	New standalone units with an investment of more than ₹25 crores in fixed capital investment OR Expansion/Diversification of an existing standalone unit amounting to at least 30% of the existing fixed capital investment (not less than ₹25 crore) or ₹50 crore, whichever is less, provided that the unit remain in the eligible MSME category after such investment.	@5% for 5 years
3	New composite unit* with an investment of more than ₹25 crores in fixed capital investment OR Diversification of Existing Standalone unit into a composite unit	@7% for 5 years

***Classification as a Composite Unit:** To qualify as a composite unit, irrespective of its location(s) within Madhya Pradesh (either at a single site or multiple sites), the entity must undertake at least one of the following activities and ensure that at least 75% of the primary product (e.g., yarn) is used as input for downstream activities:

- a. Manufacturing fabric using yarn and processing activities (weaving/knitting and processing).
- b. Processing fabric and manufacturing garments (processing and ready-made garments).
- c. Yarn manufacturing: garment manufacturing using yarn, or processing and garment manufacturing using fabric (spinning-weaving/knitting-processing-garmenting).
- d. Made-up articles.

8.5. Powerloom Sector

To promote innovation, enhance competitiveness and modernize the powerloom sector, a special package is introduced, offering financial assistance, power tariff concessions and infrastructure support. This initiative aims to facilitate the upgradation of traditional powerlooms, reduce operational costs and drive industrial growth.



Units having investment up to ₹10 crore in plant and machinery will be eligible for following assistance:-

- (i) **Financial assistance for Upgradation:** Financial assistance for upgrading plain/semi-automatic shuttle power looms to modern shuttle less looms will cover 100% of the remaining expenditure after adjusting for any financial support received from the Government of India (if applicable) or 25% of the upgrade cost, whichever is less, for a maximum of 10 power looms per unit.
- (ii) **Power Tariff Concessions** - Power tariff concessions during the policy period:
 - a. Powerlooms with a capacity of up to 20 HP will be eligible for a concession of ₹1.50 per unit.
 - b. Powerlooms with a capacity above 20 HP but up to 150 HP will be eligible for a concession of ₹1.25 per unit.
 - c. Powerlooms with a capacity of up to 150 HP will be eligible for 100% reimbursement for the difference between the minimum charges and actual consumption for fixed power charges.
 - d. The amount of concession mentioned above in point number a, b & c shall be reimbursed directly to the DISCOM by the Department of MSME.

8.6. Footwear, Furniture, Toys, and Related Value Chain Products

Madhya Pradesh has the highest Reserve Forest Area among all States in the nation. Naturally, this generates a huge potential for wooden furniture and toys. In fact, the potential of these sectors can be underlined by the GOI's proposed scheme on the Footwear and Leather sector in the Union Budget 2025. The scheme is expected to facilitate employment for 22 lakh persons, generate turnover of ₹4 lakh crore



and exports of over ₹1.1 lakh crore. The GOI also has National Action Plan for Toys to implement a scheme to make India a global hub for toys. The scheme will focus on development of clusters, skills, and a manufacturing ecosystem that will create high-quality, unique, innovative, and sustainable toys that will represent the 'Made in India' brand.

There are furniture and toy clusters located in Bhopal, Indore, Jhabua, Jablapur, Chhatarpur, Neemuch, Betul, Morena and Sehore. Chhatarpur already has a wooden furniture as its designated product under One District One Product program. Budhni also has a toy cluster. Similarly, rising disposable income and increasing awareness about the aesthetic sense create a huge opportunity for footwear industry in the State. Hence, MSMEs have a huge incentive of leveraging these segments for the inclusive growth of the State.

Hence, Department is committed to aid these sectors' growth through its policies and other kinds of interventions. The policy encourages all units based in the State to leverage the Gol scheme of Focus Product Scheme for Footwear and Leather Sectors. It also stays aligned with Gol to accommodate future amendments as well. The policy also allows all units in the State to leverage the scheme/policy features of Government of India for development of high quality, unique, innovative and sustainable toys in a toy manufacturing ecosystem. The policy allows flexibility to the State to align as per modifications/revisions announced in future.

Eligible manufacturing units in the footwear, furniture, toys, and related value chain sectors will be entitled to the following benefits, subject to specific conditions:

- (i) **Interest Subsidy:** Interest subsidy at a rate of 5% per annum on term loans taken from banks/financial institutions for the project. Subject to maximum limit of ₹100 lakh per year for a duration of 5 years.

- (ii) **Exemption on Electricity duty:** All eligible new units will be provided electricity duty exemption for a period of 5 years from the date of commencement of commercial operation. However, this exemption shall not be applicable to footwear units.
- (iii) **Reimbursement of Power Tariff:** New/expansion/diversification units will be eligible for the reimbursement @ ₹1 per unit on the prevailing electricity tariff purchased from DISCOMS/grids. This will be in addition to rebate provided (if any) by the MP Electricity Regulatory Commission's tariff orders, for a period of 5 years.
- (iv) **Stamp Duty and Registration Fee Reimbursement:** 50% reimbursement of stamp duty and registration fees paid on land/bank loan documentation for project implementation.
- (v) **Reimbursement of Skill Development and Training Expenses:** MSME Units providing skill gap training to permanent residents of Madhya Pradesh during the first three years of commercial production will be reimbursed up to ₹10,000 per employee, maximum of 500 employees.
- (vi) **Employment Generation Subsidy:** All the new employees appointed in the period of first three years from the date of commencement of commercial production in the unit by the employer, will be eligible to receive benefit of an assistance of ₹5,000 per employee per month. The assistance will be for a period of maximum five years and for maximum 200 employees. This assistance will be limited to a period of five years from the date of commencement of commercial production, which means that the new employee appointed in the third year will be eligible for employment generation subsidy from the date of appointment for the next two years. The mentioned assistance will be subject to the following condition:

#	Period	*Minimum Average %
1	Within 1 year	50%
2	Within 2 years	75%
3	Within 3 years	90%

* Out of total number of employees in the unit, minimum average percentage of Bonafide resident of the State since the date of commencement of production.

Note: Non-compliance of the above conditions will result in the proportionate reduction in the employment generation subsidy.

- (vii) **Reimbursement for Product Design:** Units will be eligible for reimbursement of 50% of the expenditure or up to ₹5 lakh per product design, for a maximum of 4 designs. The design must be certified by institutions recognized by the Central/State Government.

9. Assistance for boosting Service Sector

9.1. Boosting Circular Economy

Madhya Pradesh has the crown of having the cleanest city in the country. Now, it is moving beyond waste segregation and disposal. The concept of treating waste as wealth, an intrinsic part of circular economy, is gaining traction in the State. MSMEs, being the prime mover of economy in the State, must leverage this concept to avail unrealized benefit from the waste generated.

In line with this idea, the MSME units/projects will be provided following assistance to boost Circular Economy-

- i. **Assistance on Waste collection, treatment and disposal, and material recovery** – Financial assistance of 40%, up to ₹2 crore, will be provided for investments in establishing an independent facility, excluding land, for the waste management, disposal, and recycling of waste.

9.2. Special Incentives for Motor Vehicle Scrapping Centres

With increase in environmental awareness and rise in disposable income, people are increasingly opting for new motor vehicles. There are also stringent rules on driving a vehicle which has aged beyond a certain number of years and fail the fitness tests. Hence, motor vehicle scrapping centres are being opened in the State to safely dispose the discarded vehicles. Therefore, the government wants to boost this sector among the MSMEs in the State to enable them to explore this new business avenue.

The following assistance will be provided to MSME category motor vehicle scraping centres, registered under Gol as a Registered Vehicle Scrapping Facility (RVSF):

- (i) **Capital Subsidy**
 - a. If the new motor vehicle scraping centre has the facility to disassemble motor vehicle parts and dispose of the motor vehicle, then for such state-of-the-art motor vehicle scraping centre, a capital subsidy of 20%, subject to maximum limit of ₹3 crore, will be provided for investments excluding land.
 - b. This grant will be disbursed in 2 equal annual instalments.
- (ii) **Reimbursement of Stamp Duty and Registration Fee** - 100% reimbursement, subject to maximum limit of ₹25 lakh of stamp duty and registration fee paid on leased land or purchased by the motor vehicle scraping centre.

- (iii) **ISO Certificate Reimbursement:** 100% reimbursement, up to a maximum of ₹10 lakh, of the total expenditure incurred for ISO certification [ISO9001 (Quality Management System), ISO14001 (Environment Certification) and ISO45001 (Occupational Health and Safety)] during the effective period of the policy.
- (iv) **Assistance for Setting up Waste Management System:** During the effective period of the policy, 50%, subject to maximum limit of ₹25 lakh of assistance on the investment made by the motor vehicle scraping centre in setting up a waste management system.

9.3. Logistics and Warehousing Projects

Logistics and Warehouse projects that involve plant, machinery and equipment up to the limit of MSME classification of GoI, shall be eligible for assistance as mentioned in the Madhya Pradesh Logistics Policy 2025 issued by IPIP Department. Department of MSME will adopt the same policy. The MSME Department shall have the authority to determine the eligibility of these logistics and warehouse projects according to the prevailing procedure of MSME Department. The sanction and disbursement of the financial assistance to these projects shall be carried out by the MSME Department through its budget.

10. Research & Development (R&D) Projects

Research and Development is the key to unlock the full growth potential of the MSME sector. An R&D initiative inculcates scientific temper among MSMEs to ideate and manufacture unique products. The policy encourages use of innovation and R&D for fostering economic growth. The policy enables units/enterprises to access benefits provided by GoI in its Research, Development and Innovation Initiative. The policy allows flexibility to the State to align as per modifications/revisions announced in future.

Standalone Research and Development (R&D) projects or R&D established by MSME units in its premises, will be provided the assistance given below -

- i. **Capital Subsidy** – Financial assistance of 25%, up to ₹25 crore, will be provided for expenses incurred on building and testing machines/equipment as part of project implementation.
- ii. **Salary Reimbursement** - Reimbursement of 50% of the monthly salary, up to ₹50,000 per researcher, will be provided for maximum 2 researchers for a period of up to 3 years.
- iii. **Patent Assistance** - 100% financial assistance, up to ₹50 lakh, will be provided to cover expenses incurred in obtaining a patent or IPR for a product or technology developed through R&D.

11. General Provisions for Availing Concessions

- (i) Concessions will not be available for units falling in the list of ineligible industries mentioned in Annexure - 1.
- (ii) The total amount of assistance shall not exceed the fixed capital investment made in the unit. In case of special packages, the limit of assistance will be as per the respective packages, if any.
- (iii) Units getting the assistance under this policy shall adhere to the condition of providing employment provisioned under the MSME Development Policy 2021.
- (iv) The detailed procedures, eligibility criteria, documents required for availing subsidy/incentive under the policy will be detailed in MP MSME Promotion Scheme 2025.
- (v) If the investor is eligible to claim incentives under more than one policy offered by different departments of the State, then the investor is eligible for claiming the incentives/concessions under only one of the policies, until and unless specifically mentioned in the policy. That is, the investor shall have to choose one single policy for claiming incentives and cannot choose multiple policies unless a policy specifically mentions that it is over and above MP MSME Development policy 2025.
- (vi) If a manufacturing unit wishes to avail financial assistance from Government of India over and above its eligibility under this policy, it may do so, subject to the conditions that the cumulative assistance may not be more than the fixed capital investment in the unit. In case of special packages, the limit of assistance will be as per the respective packages, if any.

12. Expansion/Diversification/Technological Upgradation

- (i) An existing industrial unit investing for Expansion/ Diversification/ Technological Upgradation will be eligible for assistance/facilities equivalent to those available to a new industrial unit, provided the new investment made in Expansion/ Diversification/ Technological Upgradation is at least the minimum of the original investment, subject to the following limits: -

Investment in Plant and Machinery	Additional Investment Limit
Upto ₹10 crore	30% or minimum ₹1 Crore, whichever is less
More than ₹10 crore	30% or minimum ₹10 Crore, whichever is less

- (ii) For units having investment upto ₹10 crore in P&M, the eligibility for Expansion/ Diversification/ Technological Upgradation will be determined based on the new investment made in plant and machinery by the unit within the last three years from the date of commencement of commercial production under Expansion/ Diversification/ Technological Upgradation, or after the date of commercial production of the existing unit, whichever is less.
- (iii) For units having investment more than ₹10 crore in P&M, the eligibility for Expansion/ Diversification/ Technological Upgradation will be determined based on the new investment made in plant and machinery by the unit within the last two years from the date of commencement of commercial production under Expansion/ Diversification/ Technological Upgradation, or after the date of commercial production of the existing unit, whichever is less. In addition to the specified period, the eligible investment made within one year after the date of commercial production will also be considered for the calculation of assistance.

13. Revival of Sick Unit

In case a sick or closed unit is revived or rehabilitated in the policy period, such units will be provided assistance under this policy: -

- (i) Assistance for units investing up to a maximum of ₹10 crores in plant and machinery
 - a. To revive potentially viable sick/closed unit, a package will be made with the help of Bankers/ Financial Institutions.
 - b. The key responsibilities of preparing the revival package will be Bankers/ Financial Institutions
 - c. The Sick Industrial Unit in consultation with Bankers/ Financial Institutions will prepare its proposal for seeking package of concessions and submit it to the Empowered Committee.
 - d. The empowered committee will be set up to decide on revival package in favour of sick industrial units, under the chairmanship of Principal Secretary/ Secretary, Department of MSME. The constitution of the Committee will be as follows:
 - Principal Secretary/Secretary, Department of MSME (Chairman)
 - Principal Secretary/ Secretary of the departments from which concessions/ relief are sought by the sick units (Member)
 - Industries Commissioner, Department of MSME (Member)

- Zonal Manager of the concerned bank branch (Member)
 - Branch Manager/ In charge officer of the Bank/ Financial Institute through which revival package is proposed (Member)
 - Joint / Deputy Director, Department of MSME (Member Secretary)
- e. Banks/ Financial Institutions will prepare revival package in favour of viable sick industrial units, in which concession can be sought from State Govt.
- f. In the revival package prepared by banks/financial institutions for the revival of sick units, the demand for facilities being sought from the State government will be presented before the Empowered Committee and department facilities or facilities of other departments, with the consent of the concerned department can be approved by the Empowered Committee in favour of sick unit on the basis of merits.
- (ii) Assistance for units investing more than ₹10 crores in plant and machinery and up to a maximum eligible investment in medium unit:
- a. The last approved assistance will continue for a closed unit upon restarting after a change in management, provided that production was halted for more than one year. Additionally, the unit will receive extended assistance for a duration equivalent to the period during which production remained closed.
 - b. Interest charges on arrears due, till the date of closure, payable to departments/ institutions will be waived off if the arrears are cleared within 3 months from the acquisition in a one-time settlement otherwise option will be made available for clearing such arrears in 6 half yearly instalments.
 - c. The State Level Empowered Committee, constituted under the chairmanship of Chief Secretary, would be competent to sanction the facilities mentioned in the clause a & clause b above. The representative of the concerned department/institution whose arrears are due will be compulsorily invited in the meeting of the committee, organized to decide the interest waiver on the arrears.
- (iii) Ineligible industries defined in this policy will not be eligible for the facilities/incentives provided in clauses 13(i) and 13(ii) above.
- (iv) If the new investment in plant and machinery is in accordance with the clause 12 of this policy, the facilities as per eligibility under this policy shall be provided to the unit as a new unit.

14. Determination of Eligibility for Financial Assistance/Facilities

14.1. District Level Assistance Committee

Under the provisions of this Policy, following committee at District level will be responsible to determine the eligibility for assistance to MSMEs investing upto ₹10 Crores in plant & machinery. The constitution of the committee will be as follows: -

1	District Collector	Chairman
2	Lead District Manager (LDM)	Member
3	General Manager District Trade & Industries Centre	Member Secretary

The District Level Assistance Committee will also have the authority to approve reimbursement of expenditure incurred in the development of industrial area/cluster with a minimum area of 2 hectare to 4 hectares.

14.2. State Level Empowered Committee

Under the provisions of this Policy, the State Level Empowered Committee constituted as follows, will be responsible to determine the eligibility for assistance to MSMEs investing more than ₹10 crores in plant & machinery (except reimbursement of expenditure incurred in infrastructure development up to industrial premises and setting up of ETP/CETP). The constitution of the committee will be as follows: -

1	Chief Secretary	Chairman
2	Additional Chief Secretary/Principal Secretary/Secretary, Commercial Tax Department	Member
3	Additional Chief Secretary/Principal Secretary/Secretary, Finance Department	Member
4	Additional Chief Secretary/Principal Secretary/Secretary, Energy Department	Member
5	Additional Chief Secretary/Principal Secretary/Secretary, Department of Micro, Small & Medium Enterprises	Member
6	Commissioner MSME	Member Secretary

The State Level Empowered Committee will also have the authority to approve reimbursement of expenditure incurred in the development of industrial area/cluster with an area of more than 4 hectare.

14.3. Cabinet Committee on Investment Promotion (CCIP)

For the holistic development of MSMEs and promoting/facilitating investments in the State, the CCIP will have full authority to approve assistance packages curated for the establishment of MSMEs keeping in view of the importance of the specific project, beyond the provisions of departmental policies/rules.

In addition to the above point, the Department shall also be empowered to process and place the matter of customized package related to the mega projects falling under the MSME category as mentioned in the Industrial Promotion Policy 2025 (amended time to time) issued by the DIIP for the consideration of CCIP.

15. Amendment/Relaxation/Repeal

Regardless of the provisions under the policy, the Madhya Pradesh Government, Department of Micro, Small and Medium Enterprises at any time

- (i) May amend or cancel this Policy
- (ii) May relax the provisions of this Policy
- (iii) May issue instructions/ clarifications/guidelines to clarify the provisions of the Policy.

16. Jurisdiction

In case of any dispute, the jurisdiction shall be within Madhya Pradesh.

17. Glossary

- (i) **"Policy"** refers to the "Madhya Pradesh MSME Development Policy, 2025."
- (ii) **"MSME"** refers to Micro, Small, and Medium Enterprises as defined under the Micro, Small, and Medium Enterprises Development Act, 2006 (subject to any subsequent amendments).
- (iii) **"Unit/Industrial Unit"** refers to MSMEs in the manufacturing sector in Madhya Pradesh.
- (iv) **"Investment in Plant and Machinery"** refers to investment in plant and machinery as per the Micro, Small, and Medium Enterprises Development Act, 2006 (subject to any subsequent amendments).

- (v) **“Fixed Capital Investment”** refer to investment in plant & machinery and building.
- (vi) **"Additional Eligible Items for Industrial Development subsidy/Investment Promotion Assistance Calculation"** refers to:
 - a. Equipment.
 - b. Installation of plant and machinery.
 - c. Additional transformers.
 - d. Installation or procurement of cables, wiring, bus bars, electrical control panels, oil circuit breakers, or micro circuit breakers, which are necessarily used to supply electrical power to the plant and machinery or for safety measures.
 - e. Transportation charges (excluding taxes and duties) for bringing goods from the production site to the unit’s location.
 - f. Cost of renewable energy power plant (minimum 50% of the power generated is consumed by the unit; the cost of renewable energy power plant will be limited to 20% of the cost of P&M and building.)
- (vii) **“Investment in Building”** refers to factory buildings and sheds, and warehouses used in production, excluding dwellings.
- (viii) **“New Industrial Unit”** refers to MSMEs in the manufacturing sector established during the effective period of this policy.
- (ix) **“Existing Industrial Unit”** refers to an industrial unit that commenced commercial production before 24th February, 2025 or a new industrial unit that undertakes expansion/diversification/technological upgradation during the effective period of this policy.
- (x) **“Date of Commercial Production”** refers to the date on which the unit starts production and sells the produced goods for the first time, i.e., the date of the first sales invoice.
- (xi) **“Unit Operated by Women/SC/ST Entrepreneurs”** refers to a unit that is 51% owned by individuals belonging to the Women/SC/ST categories.

- (xii) **“Pharmaceutical Unit”** refers to a unit licensed for the manufacturing of drugs under the Drugs and Cosmetics Act, 1945.
- (xiii) **“Medical Device Manufacturing Unit”** refers to a unit registered with the Central Drugs Standard Control Organization (CDSCO) that manufactures devices used to assist healthcare providers in diagnosing and treating patients or helping patients recover from illnesses.
- (xiv) **“Food Processing Industry”** refers to the processing of agricultural/horticultural products (using plant and machinery) into value-added products that differ in physical form from their original state, have commercial utility, and can be used as food products, such as ready-to-eat or ready-to-cook foods, food additives, preservatives, colors and flavors, and value-added dairy products.
- (xv) **“Apparel and Made ups”** refer to wearable or non-wearable stitched garments, where at least two ends of the fabric have been stitched using machinery (excluding handkerchiefs, bedsheets, and woven sacks).
- (xvi) **"Textile Project"** refers to the following industrial units:
 - a. Cotton Ginning and Pressing
 - b. Silk Reeling and Twisting
 - c. Wool Scouring, Combing, and Carpet Industry
 - d. Synthetic Filament Yarn Texturizing, Crimping, and Twisting
 - e. Spinning
 - f. Viscose Staple Fiber (VSF) and Viscose Filament Yarn (VFY)
 - g. Weaving, Knitting, and Fabric Embroidery
 - h. Technical Textiles, including non-woven
 - i. Garment/Design Studios/Made-Up Manufacturing
 - j. Processing of Fiber, Yarn, Fabric, Garments, and Made-Ups
 - k. Jute Industry
- (xvii) **“Motor Vehicle Scrapping Centre”** refers to a centre that provides a "Registered Vehicle Scrapping Facility" as defined under the Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021, of the Government of India.
- (xviii) **“Research and Development Project”** refers to a research and development unit registered under the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India.

- (xix) **“Patent”** refers to a patent defined or implied under the Patent Act, 1970 (including amendments made from time to time).
- (xx) **“Cluster”** refers to a cluster defined according to the prevailing Madhya Pradesh Industrial Land and Building Allotment and Management Rules to MSMEs.
- (xxi) **“Developer”** refers to a developer defined according to the prevailing Madhya Pradesh Industrial Land and Building Allotment and Management Rules to MSMEs.
- (xxii) **“Priority Block”** refers to a development block mentioned in the list issued by the Department of Industrial Policy and Investment Promotion, as a priority block.
- (xxiii) **“State Government”** refers to the Micro, Small, and Medium Enterprises, Department of the Government of Madhya Pradesh.
- (xxiv) **“Directorate of Industries”** refers to the Directorate under the Micro, Small, and Medium Enterprises Department of the Government of Madhya Pradesh.
- (xxv) **“Commissioner MSME”** refers to the Commissioner of the Directorate of Industries under the Micro, Small, and Medium Enterprises Department of the Government of Madhya Pradesh.
- (xxvi) **“District Trade and Industries Centre”** refers to the district-level office of the Directorate of Industries under the Micro, Small, and Medium Enterprises, Department of the Government of Madhya Pradesh.
- (xxvii) **“General Manager”** refers to the General Manager of the District Trade and Industries Centre under the Micro, Small, and Medium Enterprises, Department of the Government of Madhya Pradesh.

Annexures

Annexure -1 List of Ineligible Activities

The following are the prohibited activities under MP MSME Development Policy 2025

#	Activities
1	Trade and service-related activities (except those services covered under this policy)
2	Beer and alcohol-based liquor (except wineries and heritage liquor)
3	Manufacturing of all types of Pan Masala and Gutkha
4	Manufacturing of tobacco and tobacco-based products
5	Products whose manufacturing is prohibited by the Central or State Government
6	Industrial units established by the Central or State Government or their enterprises
7	Stone crushers
8	Grinding and calcination of minerals (except artificial sand production from stone aggregates, M-sand)
9	Defaulters or non-compliant entities of the State Government/State Government enterprises
10	All types of mining activities (except value addition activities like beneficiation)
11	Production of wood charcoal
12	Refining of all types of oils
13	Cement/clinker manufacturing units (Except units having investment more than ₹50 crore in plant & machinery)
14	All types of publishing and printing processes (independent units)
15	Sawmills and wood planning
16	Compressing iron/steel scrap into blocks or any other shape
17	Power generation units (except renewable energy plants defined in eligible investment)
18	Packaged drinking water
19	Sortex plants (independent units) and sorting/grading/cleaning of crops/grains (independent units)
20	All types of aerated/carbonated beverages
21	Slaughterhouses and meat-based industries
22	Units established in Special Economic Zones (SEZs)
23	Any industry declared prohibited by the State Government from time to time under the MP MSME Development Policy 2025

Annexure -2 Methods for Financial Assistance Calculation

(i) **Annual Assistance** = Yearly Basic Assistance X Gross Supply Value Multiple X Yearly Employment Multiple X Yearly Export Multiple X Geographical Multiple X FDI Multiple

(ii) Basic Assistance

$$=IF(EI>2500, 200, IF(EI\leq 50, 0.4*EI, MIN(15 + 0.08*(EI-50)+(EI/12) * ((1/(1+EXP(-5.9*(1 - EI/2490))))(1 - EI/2490)) + 9.3*(1 - EI/2500), 0.4*EI, 200)))$$

EI – Eligible investment (Investment made in Plant & Machinery, Building and eligibles items as defined in Clause 17(vi) of the Policy)

(iii) Employment Multiple

$$\text{Employment Multiple} = \text{MAX}(1, \text{MIN}(1.5, (1 + (AE - 100) * (0.5/2400))))$$

AE - Average Employee

Average employee in review year = Σ (number of employees at the end of the month for each month of the financial year) / 12

(iv) Export Multiple

$$\text{Export Multiple} = \text{MAX}(1, \text{MIN}(1.3, (1 + (\text{Export}\% - 25) * (0.3/50))))$$

(v) Foreign Direct Investment (FDI) Multiple

$$\text{FDI Multiple} = IF(FDI > 50, 1.2, MIN(IF(FDI < 26, 1, MIN(1.1 + (FDI - 26) * (0.1/24))))$$

FDI in %

(vi) Yearly Basic Assistance = Basic Assistance/7





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