



## **ABSTRACT**

Micro, Small and Medium Enterprises - Announcement made by Hon'ble Chief Minister under rule 110 on the floor of the Assembly on 24.03.2020 - Inclusion of Electric Vehicle component and charging infrastructure and its components manufacturing Micro, Small and Medium Enterprises under Thrust sector category and to provide Special Incentives for Micro, Small and Medium Enterprises manufacturing Electric Vehicle components and charging infrastructure and its components - Orders issued.

### **Micro, Small and Medium Enterprises (D2) Department**

G.O.(Ms) No.50

Dated :02.07.2020

திருவள்ளூர் ஆண்டு 2051  
விகாரி வருடம், ஆனி-18

Read:

1. G.O. (Ms). No. 14, Micro, Small and Medium Enterprises (B) Department, dated 07.05.2008.
2. G.O. (Ms). No.176, Industries (MID.1) Department, dated 09.10.2019.
3. Announcement made by the Hon'ble Chief Minister under rule 110 on the floor of the Assembly on 24.03.2020.

### **ORDER**

The Hon'ble Chief Minister of Tamil Nadu has made the following announcement under Rule 110 on the floor of the Assembly on 24.03.2020:

தமிழ்நாடு மின்சார வாகன கொள்கை - 2019 ன் அறிவிப்பிற்கிணங்க, தமிழ்நாட்டில் மின்சார வாகன உபகரணங்கள் உற்பத்தி செய்யும் மற்றும் மின்சாரம் ஏற்றும் கட்டமைப்புக்கு தேவையான உபகரணங்களை உற்பத்தி செய்ய தொடங்கப்படும் குறு, சிறு மற்றும் நடுத்தரத்தொழில் நிறுவனங்களை ஊக்குவிக்கும் வகையில், அதிகபட்சமாக 50 இலட்சம் ரூபாய் வரை, 25 சதவீதம் சிறப்பு மூலதன மானியமும், அதிகபட்சமாக 10 இலட்சம் ரூபாய் வரை, தகுதிவாய்ந்த இயந்திர தளவாடங்களின் மதிப்பில் 20 சதவீதம் வரை கூடுதலாக சிறப்பு மூலதன மானியமும் வழங்கப்படும்.

2. Earlier, Tamil Nadu Electric Vehicle Policy 2019 was unveiled on 16.09.2019 by the Hon'ble Chief Minister and this policy also includes policy measures for Micro, Small and Medium Enterprises. In the G.O.(Ms) No.176, Industries (MID.1) Department, dated 09.10.2019, the Government have ordered the implementation of the 'Tamil Nadu Electric Vehicle Policy, 2019'.

### 3. **Tamil Nadu Electric Vehicle Policy, 2019**

3.1 Tamil Nadu Electric Vehicle Policy states that "Tamil Nadu has the second highest vehicle population in the country with 2.77 crore vehicles. This accompanies an increase in air pollution and accidents in the state. Tamil Nadu has the highest rate of urbanisation in the country with close to 50% of its people residing in urban areas. The Government of Tamil Nadu has led many initiatives to reduce air pollution and congestion on roads. At the end of FAME Phase-I (Faster Adoption Manufacturing of (Hybrid) Electric Vehicles), the electric vehicle penetration remained low in Tamil Nadu. A dedicated strategy to address price of Electric Vehicles, public charging infrastructure and investment in Electric Vehicle manufacturing and charging infrastructure is required to promote adoption of Electric Vehicles in the State". In order to make Tamil Nadu the preferred destination for Electric Vehicles and component manufacturing units including battery and charging infrastructure, the Policy envisages various Policy measures.

#### 3.2. **Policy Measures**

The Policy further states that "The Government of Tamil Nadu will focus on policy interventions intended to encourage Electric Vehicle manufacturing as well as Electric Vehicle marketing in the State. To promote investments in Electric Vehicle Manufacturing, Electric Vehicle Battery Manufacturing or Assembly and Electric Vehicle Charging Infrastructure manufacturing and Equipment Manufacturing Enterprises, incentives and concessions will be offered by the Government of Tamil Nadu. Further, it is envisaged that network and diffusion effects shall spur early market creation through demand side Incentives and creation of charging infrastructure will promote the culture of Electric Vehicle usage in the State".

#### 3.3. **Incentives stated in the Electric Vehicle Policy for MSMEs**

An additional Capital Subsidy of 20% will be offered over and above the eligibility limit for capital subsidy under the existing Capital Subsidy applicable for MSME units that are engaged in E-Vehicle



component or charging infrastructure manufacturing. Further, for such E-Vehicle component or charging infrastructure manufacturing firms falling under the Medium Industries category that avail loans from Tamil Nadu Industrial Investment Corporation, 6% interest subvention will be provided as against 3% under the existing scheme. These incentives will be applicable for units that are set up till 31.12.2025.

4. In order to operationalise the incentive scheme stated in the Electric Vehicle policy, the Industries Commissioner and Director of Industries and Commerce has stated that it is necessary to incorporate Electric Vehicle components and charging infrastructure and its components under Thrust sector category products classified in the Micro, Small and Medium Enterprises Policy 2008 for the purpose of providing incentives.

5. The Industries Commissioner and Director of Industries and Commerce has further stated that in order to promote Micro, Small and Medium Enterprises which possess high employment opportunities, export potential, industries which ensure environment protection etc., 14 categories of products have been classified as Thrust sector Enterprises under Micro, Small and Medium Enterprises Policy 2008. These thrust sector enterprises set up anywhere in the State are eligible to avail 25% Special Capital Subsidy subject to a maximum of Rs. 50.00 lakhs. Automobile Parts and Components Manufacturing Industries have also been included as one of the thrust sector products.

6. Similarly, to promote investments in Electric Vehicle components and charging infrastructure and its components manufacturing sector, the Industries Commissioner and Director of Industries and Commerce has suggested that it is essential to provide incentives to Micro, Small and Medium Enterprises manufacturing such components set up anywhere in Tamil Nadu by including the above category enterprises under thrust sector similar to Auto parts and components.

7. In this connection it is informed that in the GO.(Ms) No.14, Micro, Small and Medium Enterprises (B) Department, dated 07.05.2008, in Chapter - 9, it has been mentioned that any other industry can be notified by the Government from time to time for sanction of Special Capital Subsidy under thrust sector. In the G.O.(Ms) No.61, MSME (D2) Department, dated 28.08.2019, "alternative products for use and throwaway plastics" has been assigned serial number 14. Hence, "Electric Vehicle components and charging infrastructure & its components" may be assigned serial number 15 and "any other industry

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to be notified by the Government from time to time" may be reassigned serial number 16.

8. The Industries Commissioner and Director of Industries and Commerce has also proposed to provide Special incentives for Micro, Small and Medium Enterprises manufacturing Electric Vehicle components and charging infrastructure and its components as follows:-

- i) Micro, Small and Medium Enterprises set up anywhere in Tamil Nadu, engaged in manufacturing of Electric Vehicle components, charging infrastructure and its components are eligible to avail 25% Special Capital Subsidy subject to a maximum of Rs. 50.00 lakhs.
- ii) Micro, Small and Medium Enterprises engaged in manufacturing of Electric Vehicle components, charging infrastructure and its components are eligible to avail an Additional Special Capital Subsidy of 20%, on the value of eligible plant and machinery subject to a maximum of Rs.10 lakhs in addition to the Special Capital Subsidy stated in item i) above.
- iii) Existing Micro, Small and Medium Enterprises engaged in manufacturing of auto components will be provided with onetime re-skilling allowance for the existing employees, as applicable for major industries.
- iv) Electric Vehicle components and charging infrastructure and its components notified by the Government will alone be eligible for stated concessions based on the advice of the Technical committee constituted for this purpose.

9. In view of the above, the Industries Commissioner and Director of Industries and Commerce has requested the Government to approve the proposals mentioned in paras 6 and 8 above and also to issue the following amendments, to the G.O.(Ms) No.14, Micro, Small and Medium Enterprises (B) Department dated 07.05.2008.

- i. To incorporate the term "EV components and charging infrastructure & its components" as serial number XV in the list of Thrust sector category of enterprises eligible for special capital subsidy in Chapter 9 of the G.O. (Ms). No.14, Micro, Small and Medium Enterprises (B) Department, dated 07-05-2008. And Serial No. XV "Any other industry to be notified by the Government in this regard from time to time" may be renumbered as XVI.



- ii. To incorporate an additional chapter 9.1 with a caption of **"Additional Special Capital Subsidy for promotion of EV components and charging infrastructure & its components"**, as given below, next to chapter 9 in the Guidelines for administration of incentives and concessions as approved in the G.O. (Ms). No.14, Micro, Small and Medium Enterprises (B) Department, dated 07.05.2008.

### **CHAPTER 9.1**

## **ADDITIONAL SPECIAL CAPITAL SUBSIDY FOR PROMOTION OF MANUFACTURING ELECTRIC VEHICLE COMPONENTS AND CHARGING INFRASTRUCTURE & ITS COMPONENTS**

### **1. Eligible enterprises:**

- All New Micro, Small and Medium Manufacturing Enterprises set up anywhere in the State
- Existing Manufacturing Enterprises of the above three categories which have taken up substantial expansion / diversification of the existing activities.

### **Quantum of subsidy:**

An additional capital subsidy of 20% on the value of eligible plant and machinery subject to a maximum of Rs.10 lakhs, if the MSME units that are engaged in E-vehicle component or charging infrastructure manufacturer.

### **Operational Guidelines:**

- The conditions laid down in the Chapter 9 of the Guidelines for administration of incentives and concessions as approved in the G.O.(Ms) No.14, MSME (B) Department dated 07.05.2008, shall also be applicable to the Additional Special Capital Subsidy.
- With a view to assist existing MSMEs transition to the Electric Vehicle Components, charging infrastructure and its components manufacturing, the principle of increase in production volume and turnover for expansion projects will not be applicable for Electric Vehicle Components and charging infrastructure & its components manufacturers.
- Enterprises eligible for Additional Special Capital Subsidy under thrust sector will not be eligible for other subsidies stated in Chapter 7.1 to 7.5 of the Guidelines for administration of incentives and concessions as approved in the G.O.(Ms) No.14, MSME (B) Department, dated 07.05.2008.

- The Industries department will notify the list of eligible auto components and charging infrastructure components whose manufacture will be eligible for concessions based on the advice of a Technical committee constituted for this purpose.

10. The Government after careful examination approve the proposals mentioned in paras 6 and 8 above and issue the following amendments to the G.O.(Ms) No.14, Micro, Small and Medium Enterprises (B) Department, dated 07.05.2008:-

- i. To incorporate the term "Electric Vehicle components and charging infrastructure & its components" as serial number XV in the list of Thrust sector category of enterprises eligible for special capital subsidy in Chapter 9 of the G.O. (Ms). No.14, Micro, Small and Medium Enterprises (B) Department, dated 07-05-2008. And Serial No. XV "Any other industry to be notified by the Government in this regard from time to time" may be renumbered as XVI.
- ii. To incorporate an additional chapter 9.1 with a caption of **"Additional Special Capital Subsidy for promotion of Electric Vehicle components and charging infrastructure & its components"**, as given below, next to chapter 9 in the Guidelines for administration of incentives and concessions as approved in the G.O.(Ms) No.14, Micro, Small and Medium Enterprises (B) Department, dated 07.05.2008.

#### **CHAPTER 9.1**

#### **ADDITIONAL SPECIAL CAPITAL SUBSIDY FOR PROMOTION OF MANUFACTURING EV COMPONENTS AND CHARGING INFRASTRUCTURE & ITS COMPONENTS**

##### **1. Eligible enterprises:**

- All New Micro, Small and Medium Manufacturing Enterprises set up anywhere in the State
- Existing Manufacturing Enterprises of the above three categories which have taken up substantial expansion / diversification of the existing activities.

##### **Quantum of subsidy:**

An additional capital subsidy of 20% on the value of eligible plant and machinery subject to a maximum of Rs.10 lakhs, if the Micro, Small and Medium Enterprises units that are engaged in E-vehicle component or charging infrastructure manufacturer.



## Operational Guidelines:

- The conditions laid down in the Chapter 9 of the Guidelines for administration of incentives and concessions as approved in the G.O.(Ms) No.14, Micro, Small and Medium Enterprises (B) Department, date
- d 07.05.2008, shall also be applicable to the Additional Special Capital Subsidy.
- With a view to assist existing Micro, Small and Medium Enterprises transition to the EV Components, charging infrastructure and its components manufacturing, the principle of increase in production volume and turnover for expansion projects will not be applicable for EV Components and charging infrastructure and its components manufacturers.
- Enterprises eligible for Additional Special Capital Subsidy under thrust sector will not be eligible for other subsidies stated in Chapter 7.1 to 7.5 of the Guidelines for administration of incentives and concessions as approved in the G.O.(Ms) No.14, Micro, Small and Medium Enterprises (B) Department, dated 07.05.2008.
- The Industries Department will notify the list of eligible auto components and charging infrastructure components whose manufacture will be eligible for concessions based on the advice of a Technical committee constituted for this purpose.

11. This order issue with the concurrence of the Finance Department vide its U.O.No.20745/Fin(Ind)/2020, dated 30.06.2020.

**(BY ORDER OF THE GOVERNOR)**

**Dr. K.GOPAL**  
**PRINCIPAL SECRETARY TO GOVERNMENT (FAC)**

To  
The Industries Commissioner  
and Director of Industries and Commerce,  
Guindy, Chennai - 32.  
All District Collectors.

**Copy to:**

The Office of the Hon'ble Chief Minister, Chennai-9.  
The Finance (Ind) Department, Chennai-9.  
The Industries Department, Chennai-9.

The Energy Department, Chennai-9.

The Special Personal Assistant to Hon'ble Minister (Rural Industries),  
Chennai-9.

The Senior Private Secretary to Principal Secretary to Government,  
Micro, Small and Medium Enterprises Department, Chennai-9.

The Micro, Small and Medium Enterprises (OP / B) Department,  
Chennai-9.

Stock file / Spare copy.

**// FORWARDED BY ORDER //**

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**SECTION OFFICER**

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