

Revival and Rehabilitation Scheme for Defunct MSMEs and Cashew Processing Units

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Cancel Apply Now Check Eligibility Kerala Revival and Rehabilitation Scheme for Defunct MSMEs and Cashew Processing Units

Cashew Unit Defunct MSME Entrepreneur Financial Assistance Rehabilitation Revival Details

Introduction: The trend in increasing number of defunct units is a challenge to the secondary sector. The MSMEs which have become defunct due to genuine issues in the value chain and have potential needs to be revived and rehabilitated considering the role of these units play in the state economy, the Government of Kerala launched a new scheme for defunct MSMEs including cashew processing units during 2020-21. Besides the lack of improved technology, MSME units become defunct due to constraints on marketing, competition from MNCs and global challenges etc. In the field of cashew units the processing cost is comparatively higher in the state and competition from other countries is badly high. Most of the cashew units are in financial crunches. Process mechanization is the only way to revive the units.

Objective: The scheme envisages supporting defunct MSMEs in the manufacturing sector including cashew processing units through assistance in the form of capital grants and working capital incentives.

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

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

Benefits

1. Entitlement in the scheme shall be limited to ₹15 Lakhs per applicant unit and it can avail only once.
2. Financial Assistance under the scheme provided for the following components-
 - a) Building Renovation - 25% of the total revival project cost limited to ₹12 lakh: i) Building Renovation includes maintenance and repair of existing factory buildings, construction of fresh roofing in the factory shed, infrastructure for Waste Disposal / Treatment facilities etc.
 - b) Plant & Machinery and Electrification - 40% of the total revival project cost limited to ₹8 lakh: i) It will be available for the purchase of new machinery, Repair and Maintenance of Existing machines, industrial electrification etc.
 - c) Working Capital (Margin) - 50% margin of working Capital loan approved by financial institution subject to i) Assistance is limited to ₹12 lakhs for defunct MSMEs. ii) Assistance is limited to ₹15 lakhs for Cashew Units.
 - d) Maximum Limit ₹12 lakhs for defunct MSMEs per unit.
 - e) Maximum Limit ₹15 lakhs for defunct cashew processing per unit.

Note 01: Bank Sanction of fresh working capital loan is mandatory for availing Working Capital (Margin) Assistance, but a bank loan is not mandatory for assistance for building renovation, plant and machinery, electrification etc.

Note 02: The assistance under the scheme shall be released to the eligible entrepreneur by the bank on a pro-rata basis.

Eligibility All MSMEs in the manufacturing sector which are defunct for at least 6 months due to genuine issues including cashew processing enterprises that have the potential to be revived and rehabilitated, are eligible for assistance under the scheme.

Obligations of the Applicant Entrepreneurs: The applicant shall provide all required details and declare such information as to be true. The applicant shall provide clarifications or further details sought by the recommending/ sanctioning authority. The applicant shall allow inspection or verification of any details mentioned in the application including plant and machinery and all other assets if so required by recommending/ sanctioning authority. The applicant shall produce originals of any important documents if so required by the recommending/ sanctioning authority for verification. The applicant shall execute the requisite legal agreement on Stamp paper worth ₹200 as and when the proposal is approved for implementation and furnishes the signed hard copy to General Manager, District Industries Centre. The applicant shall utilize the amount received only in the manner agreed upon as per the revival project submitted. The applicant shall operate the unit as stipulated in the agreement in which the quantum of support received, failing which the assistance shall be resumed by restoring the provisions of the Kerala Revenue Recovery Act.

Application Process

Online Step 01: Application can be submitted online through the Official website of the Directorate of Industries & Commerce, Government of Kerala. The applicant needs to visit the official website.

Step 02: The applicant may select the scheme 'Revival and Rehabilitation Scheme for Defunct MSMEs and Cashew Processing Units' from the available Online Services listed on the home page and click on the 'Apply Now' option. Clicking 'Apply Now' redirects to the Login Page, if the user is a 'new user', use the 'Registration' option and if already registered use the 'Login' option.

Step 03: A new user can register by filling in his/her details and after successful registration, the user can login.

Step 04: After successful login, the applicant needs to select 'New Application' and click on 'Proceed' Option.

Step 05: Fill out the application form completely and submit it.

Documents Required

1. Copy of Identity proof of applicant
2. Udyog Aadhar/Udyam Registration
3. Revival Project Report
4. Title deed of land/land tax receipt if applicable
5. Ownership Certificate of the building if applicable
6. Registered Lease deed or rent deed in such cases
7. Invoice/bill/Proof of payment of Plant, machinery and electrification
8. Valuation of Approved Civil Engineer/ chartered Engineer for civil construction
9. Sanction order of Bank for Working Capital Loan if any
10. Audited Balance Sheet for the year before being defunct
11. Any other document as demanded by the recommending/sanctioning authority

Frequently Asked Questions

What are the objectives of the scheme? The objective of the scheme is to envisage supporting defunct MSMEs in the manufacturing sector including cashew processing units through assistance in the form of capital grants and working capital incentives.

When did this scheme launch? The Government of Kerala launched the scheme for defunct MSMEs including cashew processing units during year 2020-21.

Which is the implementing department of this scheme? Director of Industries & Commerce, Government of Kerala

What does 'Defunct MSME' means? MSMEs which are non-operational for 6 months or more but can be revivable. In the case of units which become defunct due to the plastic ban and those who wish for diversification, the above time limit is not applicable.

What does 'Defunct Cashew Processing Units' means? The 'Cashew Processing Units' which were defunct at least for six months/no matter whether they have received any Government assistance or bank loan within six months and are in the process of revival.

Which MSME units are eligible to get the benefits of the scheme? All MSMEs in the manufacturing sector which are defunct for at least 6 months due to genuine issues including cashew processing enterprises that have the potential to be revived and rehabilitated, are eligible for assistance under the scheme.

What is the benefit of the scheme? Under the scheme, financial assistance of ₹15 Lakhs will be given to an applicant unit.

How many times an MSME unit can avail of the assistance under the scheme? Only once, an MSME unit can avail of assistance under the scheme.

How shall an applicant unit receive assistance? The assistance under the scheme shall be released to the eligible entrepreneur by the bank on a pro-rata basis.

How can an applicant unit apply under the scheme? Application can be submitted online through the Official website of the Directorate of Industries & Commerce, Government of Kerala.

<https://schemes.industry.kerala.gov.in/public/index.php/schemes>

Sources And References

Official Website

Guidelines

Application Portal

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