I B Nathwani & Associates LLP

CHARTERED ACCOUNTANTS

FRN: W101219 · **LLPIN:** ACU-4667 · Rajkot, Gujarat

CLIENT KNOWLEDGE UPDATE

Viksit Gujarat Industrial Policy 2026

MSME Incentives — At a Glance

Policy valid for five years from 1 June 2026 (up to 31 May 2031) • Government of Gujarat

Up to 45%	Up to 50%	100%
of eFCI as a combined MSME incentive	for priority / thrust-sector MSMEs	EPF reimbursement for five years

The new policy places MSMEs at the centre of Gujarat's industrial vision. Instead of a fixed scheme, it lets each MSME choose its own mix of three incentives — capital subsidy, interest subsidy and power tariff support — up to an overall ceiling, with extra benefits for priority sectors, under-served talukas and entrepreneurs from SC/ST communities. Below is a focused summary of what your unit may be eligible for.

01 Who Qualifies — Revised MSME Definition

Aligned to the Government of India's revised MSME definition adopted by the policy.

MSME CATEGORY	INVESTMENT IN PLANT & MACHINERY OR EQUIPMENT
Micro	Up to INR 2.5 Crore
Small	More than INR 2.5 Crore and up to INR 25 Crore
Medium	More than INR 25 Crore and up to INR 125 Crore

02 The Core Incentive — Pick Your Combination

An MSME may **combine all three components below**, subject to an overall ceiling on its eligible Fixed Capital Investment (eFCI):

TALUKA CATEGORY	COMPONENT 1 — CAPITAL SUBSIDY	COMPONENT 2 — INTEREST SUBSIDY	COMPONENT 3 — POWER TARIFF
Category B	Micro: 25% of eFCI in Year 1. Small & Medium: 25% of eFCI, disbursed over 5 years.	7% on term loan for 5 years, up to 10% of eFCI.	INR 1 per unit for 5 years, up to 25% of eFCI.
Category A	Micro: 35% of eFCI in Year 1. Small & Medium: 35% of eFCI, disbursed over 5 years.	7% on term loan for 5 years, up to 10% of eFCI.	INR 2 per unit for 5 years, up to 25% of eFCI.

> **Overall incentive ceiling:** Category B taluka — 35% of eFCI | Category A taluka — 45% of eFCI.

eFCI = eligible Fixed Capital Investment, i.e. the qualifying investment in fixed assets (such as building and plant & machinery) on which incentives are calculated. "Year 1" refers to the first year of production / commercial operation, as defined in the policy.

03 Additional MSME Support

Beyond the three core components, MSMEs can also claim assistance for:

- Quality certification and ZED (Zero Defect Zero Effect) certification
- ERP and ICT (information & communication technology) implementation
- Technology acquisition and patent registration
- Energy and water conservation measures
- Raising capital through the SME Exchange
- Power connection charges
- Rent assistance (for Micro & Small Enterprises)
- Market development assistance for participation in exhibitions

04 Enhanced & Inclusive Benefits

- **EPF reimbursement:** 100% of the employer's statutory contribution for 5 years — up to INR 1,800/month (male employees), INR 2,500/month (female employees) and INR 3,000/month (specially-abled employees).
- **Electricity Duty:** 100% exemption under the Gujarat Electricity Duty Act, 1958.
- **SC/ST entrepreneurs:** an additional 5% on the overall incentive ceiling under the Dr. Babasaheb Ambedkar Scheme and Bhagwan Birsa Munda Scheme. Enhanced support is also available for persons with disabilities.

05 Extra Push for Priority (Thrust) Sector MSMEs

MSMEs in selected priority (thrust) sectors — such as Sports Goods & Equipment, Toys, Footwear, and Robotics & Drones (and others as notified from time to time) — receive a higher ceiling and enhanced rates:

- **Higher overall ceiling:** 45% of eFCI (Category B) and 50% of eFCI (Category A).
- **Capital subsidy:** 30% (Category B) / 35% (Category A) of eFCI over 5 years; Micro units paid in Year 1.
- **Interest subsidy:** 7% on term loan, up to 20% of eFCI.
- **Power tariff:** INR 1 (Category B) / INR 2 (Category A) per unit, up to 20% of eFCI.

06 What You Should Check Before Claiming

- Your taluka's category (A or B) decides your rate — confirm the classification for your unit's exact location.
- Incentives are linked to eFCI and to term-loan financing — structure your project funding accordingly.
- Each component has its own sub-ceiling plus an overall ceiling — the optimal mix differs from project to project.
- Stamp duty / registration-fee reimbursement is available only to Ultra-Mega units, not to MSMEs.
- All benefits are subject to the detailed operational guidelines / Government Resolutions to be issued under the policy.

07 How We Can Help

- Eligibility assessment and optimisation of your incentive mix for a planned project or expansion
- Preparation and filing of incentive applications and periodic claims
- Documentation, certification and liaison support through the disbursement period

I B Nathwani & Associates LLP

Chartered Accountants • Hariom, 17 Panchnath Plot, Near Limda Chowk, Rajkot

Partners: CA Bhargav Nathwani (7+ years) • CA Ishita Nathwani (3+ years)

Advising enterprises across Gujarat on industrial incentives since 2015.

Web canathwani.com | **Phone** +91 96649 08334 | **Email** cabhargavnathwani@gmail.com

Disclaimer: This document is a general knowledge summary of selected MSME provisions of the Viksit Gujarat Industrial Policy 2026, prepared for the information of clients of I B Nathwani & Associates LLP. It does not cover every condition, exclusion or procedural requirement and is not a substitute for professional advice. Figures and benefits are subject to the full policy text and to the operational guidelines / Government Resolutions issued by the Government of Gujarat. Please consult us before acting on any item above.