



IB Nathwani & Associates LLP
CHARTERED ACCOUNTANTS

CLIENT GUIDE TO INDUSTRIAL INCENTIVES

Viksit Gujarat Industrial Policy 2026

Capital subsidy, interest subsidy and power tariff assistance for MSME, Large, Mega and Ultra-Mega industries — with EFCI rules, ceilings and 12 worked examples for Rajkot and Morbi units

35%

MSME capital
subsidy on EFCI in
Category-A talukas

25%

MSME capital
subsidy on EFCI in
Category-B talukas

7%

interest subsidy a
year on the term loan

₹2/₹1

power subsidy per
unit in Category-A / B

New in 2026: the MSME capital subsidy is calculated on EFCI — it is available even on self-financed projects.

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How to use this guide. Start with the capital subsidy table on the next page. Check your enterprise class, taluka category and sector, then read the EFCI pages before the worked examples for Rajkot and Morbi units. The Special Cases section lists the exceptions that most often decide a claim, and the calculation format shows the working for one project line by line.

Sources: Viksit Gujarat Industrial Policy 2026; MSME GR dated 25.09.2026; Large, Mega & Ultra-Mega GR dated 08.09.2026; taluka classification GR dated 08.09.2026. Where the Policy and a GR differ, the GR prevails.

SECTION 01

Policy at a Glance: Capital Subsidy by Category

The capital subsidy is the anchor benefit of the 2026 policy. It is a percentage of the **Eligible Fixed Capital Investment (EFCI)**, and the rate depends on the size of the enterprise, the sector and the category of the taluka where the project is located.

ENTERPRISE AND SECTOR	CAPITAL SUBSIDY CATEGORY-A	CAPITAL SUBSIDY CATEGORY-B	HOW IT IS PAID	OVERALL CEILING A / B
Micro General sector	35%	25%	Lump sum in Year 1	45% / 35%
Small & Medium General sector	35%	25%	Equal instalments over 5 years	45% / 35%
MSME Selected Thrust sector	35%	30%	Micro: Year 1 · Small & Medium: 5 years	50% / 45%
Large General sector	15%	10%	Over 10 years	20% / 15%
Large Thrust sector	25%	15%	Over 8 years	35% / 25%
Mega Thrust sector	25%	20%	Over 10 years	35% / 30%
Ultra - Mega Thrust sector	30%	25%	Over 12 years	40% / 35%
Large / Mega / Ultra - Mega Selected Thrust sector	35%	30%	Over 8 / 10 / 12 years	50% / 45%

Capital, interest and power subsidies can be combined, but their total is limited by the overall ceiling in the last column (percentage of EFCI over the benefit period). Rows shaded gold are the Selected Thrust sectors: sports goods and equipment, toys, footwear, robots and drones.

Policy at a Glance (continued)

**01.06.2026 –
31.05.2031**

Operative period; commercial production must start within it

From 01.01.2026

Assets acquired and paid from this date count for EFCI



Interest subsidy

7% a year

On the term loan disbursed for EFCI by a bank or financial institution; the unit must bear at least 2% itself. Capped at 10% to 25% of EFCI depending on the category. An additional 1% for women entrepreneurs, registered start-ups and first-generation entrepreneurs (MSME), within the overall ceiling.



Power tariff subsidy

₹2 / ₹1 a unit

₹2 a unit in Category-A and ₹1 a unit in Category-B talukas, on power from the DISCOM or renewable power through open access. Power from the unit's own captive plant does not qualify. Capped at 10% to 25% of EFCI.



**Beyond the
three components**

EPF • ED • SD

EPF reimbursement for 5 to 10 years, electricity duty exemption, stamp duty and registration reimbursement (Ultra-Mega and Selected Thrust units) and a range of MSME support schemes for quality, technology, patents, energy saving and more.

New in 2026 — the MSME capital subsidy is no longer loan-linked. It is calculated on EFCI, and self-financed projects are expressly recognised (MSME GR paras 2.3 and 5.1). The next section explains the change.

Thrust sectors (16, for Large, Mega and Ultra-Mega units) and the five **Selected Thrust** sectors are listed in the section on sectors. Taluka categories for all 34 districts are in the Annexure.

What's New: Capital Subsidy on Own Investment

PREVIOUS SCHEME · AATMANIRBHAR GUJARAT (2022)

~~% of term loan~~

Capital subsidy for **Micro enterprises only**

25% / 20% / 10% of the disbursed term loan (taluka Category 1 / 2 / 3)

Capped at ₹35 / 30 / 10 lakh

Credit-linked: **no bank loan, no capital subsidy**



VGIP 2026 · MSME GR DATED 25.09.2026

% of EFCI

Capital subsidy for **Micro, Small and Medium**

35% (Category-A) / 25% (Category-B) of EFCI; Selected Thrust 35% / 30%

No ₹ lakh cap — only the overall ceiling of 45% / 35% of EFCI

Own funds count — self-financed projects qualify

What the operative GR says

Provision	Text of the GR	Effect
MSME GR para 5.1(a)	"The enterprise shall be eligible to receive a Capital Subsidy on their eligible fixed capital investment ... disbursed only after the commencement of commercial production."	The base is EFCI. There is no term-loan condition.
MSME GR para 2.3	"In case of self-finance project , Statutory Auditor / Chartered Accountant / Chartered Engineer / Company Secretary Certificate or Asset verification report from MSME Commissionerate / DIC, whichever is lower, will be considered."	Self-funded projects are certified by a CA, CE or CS and qualify.
MSME GR para 5.2(b)	Interest subsidy is eligible "on amount of loan actually disbursed against the sanctioned term loan for Eligible Fixed Capital Investment (EFCI) only".	Only the interest component needs a bank or financial-institution term loan (not NBFC).
Large GR paras 2.3 and 6.A	The same self-finance certification route applies; the capital subsidy is paid on EFCI in equal annual instalments.	The same principle applies to Large, Mega and Ultra-Mega units.

What's New: Capital Subsidy on Own Investment (continued)

Illustration — the same ₹10 Cr Rajkot engineering unit (Example 4)

Item	Previous scheme (2022)	VGIP 2026
Enterprise class (plant and machinery ₹5.42 Cr)	Small	Small
Capital subsidy basis	Micro only, % of term loan	25 % of EFCI (Category-B)
Capital subsidy if self-financed	Nil	₹1.95 Cr
Power subsidy (₹1 × 20 lakh units × 5 years)	—	₹1.00 Cr
Benefit without any bank loan (after the 7% annual and 35% overall ceilings)	—	₹2.73 Cr

A loan still helps

The 7% interest subsidy is available only on a term loan from a bank or financial institution. It helps to fill the room between the capital subsidy and the overall ceiling, but it is no longer a pre-condition for the capital subsidy.

Policy booklet versus GR

The Policy booklet's MSME table is headed "Capital Subsidy on Term Loan" and carries the footnote "On term loan in case of MSMEs". The operative GR has no such condition, and the **GR prevails**: the capital subsidy is calculated on EFCI, whether the project is financed by a loan or by own funds.

Previous-scheme figures relate to the Aatmanirbhar Gujarat Scheme for Assistance to MSMEs (GR MIS-102022-1271(1)-I(Ch) dated 05.10.2022). The self-financed unit still reaches the ₹2.73 Cr ceiling because its capital instalment (₹0.39 Cr) plus power subsidy (₹0.20 Cr) exceeds the 7% annual ceiling (₹0.546 Cr) every year.

Who Can Benefit?

Eligible applicants

- ✓ **Legal form:** company, partnership firm including LLP, society, trust, industrial co-operative society or proprietary concern.
- ✓ **Activity:** manufacturing, production, processing or job work of articles.
- ✓ **Project type:** a new unit, or an expansion or diversification of an existing unit.
- ✓ **Timing:** the Date of Commercial Production (DoCP) — the date of the first commercial sale bill — must fall between **01.06.2026 and 31.05.2031**.
- ✓ **Registration:** Udyam, IEM, Letter of Intent, Letter of Approval or MCA21 filing for MSMEs. Large, Mega and Ultra-Mega units need an IEM or Government of India licence and must also register with the Industries Commissionerate before DoCP, or within three months of the GR if that is later.

Not eligible

- ✗ Units whose DoCP is **before 01.06.2026** — they remain under the previous (Aatmanirbhar Gujarat) scheme only.
- ✗ Investment by an existing unit for renovation, rehabilitation or rationalisation (and modernisation, under the Large GR).
- ✗ The same GFCI for which an incentive has already been availed under any other scheme of the State Government or its agencies.
- ✗ Service and trading activities (the enterprise definition covers manufacturing; CGTMSE and rent assistance expressly exclude them).

85%

of all employees must be domiciled in Gujarat

60%

of managerial and supervisory staff domiciled in Gujarat

Separate

identifiable fixed investment and books for the project

Continuous

production required through the incentive period

Who Can Benefit? (continued)

Expansion and diversification tests

Test	Expansion	Diversification
Increase in gross fixed capital investment (excluding land)	≥ 50%	≥ 25% for Micro and Small ≥ 50% for Medium and Large+
Share of the increase in plant and machinery	≥ 60%	≥ 60%
Increase in installed capacity of the product	≥ 50%	—
Prior capacity utilisation	≥ 75% in any one of the preceding three financial years	—
Location	Same premises	Same premises

For MSMEs, an expansion project is eligible only one year after project completion or DoCP of the existing unit, whichever is later. An expansion or diversification at another premises is treated as a new unit. Large, Mega and Ultra - Mega units may avail incentives a maximum of two times in the operative period.

Which scheme applies to my project?

DoCP before 01.06.2026

Previous (Aatmanirbhar Gujarat) scheme only — cannot opt for VGIP 2026.

DoCP 01.06.2026 to 04.10.2027

Choose the previous or the new scheme. The option must be exercised within six months of the GR and is irrevocable.

DoCP 05.10.2027 to 31.05.2031

VGIP 2026 only, with EFCI counted from assets acquired and paid on or after 01.01.2026.

Previous scheme option — the fine print

An enterprise not in production before 01.06.2026 may apply under the previous scheme or under this scheme. The option must be exercised within six months from the date of the GR; it is final and irrevocable. After six months, all applications are considered only under this scheme. No enterprise can take the previous scheme unless it starts commercial production on or before 04.10.2027.

Enterprise Classification

Micro

≤ ₹2.5 Cr

Investment in plant and machinery

Small

₹2.5–25 Cr

Investment in plant and machinery

Medium

₹25–125 Cr

Investment in plant and machinery

Large

> ₹125 Cr

GFCI in plant and machinery · any sector

Mega

≥ ₹1,000 Cr

GFCI · Thrust sectors only · ≥ 250 direct jobs

Ultra - Mega

≥ ₹10,000 Cr

GFCI · Thrust sectors only · ≥ 3,000 direct jobs

	Micro · Small · Medium	Large · Mega · Ultra - Mega
Threshold basis	Investment in plant and machinery in all units across India	Large: GFCI in plant and machinery. Mega and Ultra - Mega: GFCI of the project — the Large GR defines GFCI to include land
Sector	Any manufacturing; higher rates only for the Selected Thrust sectors	Large: General, Thrust or Selected Thrust. Mega and Ultra - Mega: Thrust or Selected Thrust only
Direct employment	No minimum	Large: no minimum. Mega: 250 + 50 for every additional ₹200 Cr. Ultra - Mega: 3,000 + 500 for every additional ₹5,000 Cr
Status decided on	Date of completion of the project; benefits continue only while the unit remains an MSME	Final investment is the lower of GFCI, the bank / FI Project Completion Certificate and asset verification
Extended investment period after DoCP	12 months if plant and machinery is up to ₹50 Cr; 18 months if it is ₹50–125 Cr	18 months up to ₹1,000 Cr · 24 months up to ₹10,000 Cr · 36 months up to ₹1 lakh Cr · 48 months above
Sanctioning authority	GM-DIC for Micro and Small; MSME Commissioner for Medium	Committee chaired by the Industries Commissioner (up to ₹1,000 Cr), by the ACS / PS Industries & Mines (₹1,000–10,000 Cr), and by the Hon'ble Minister (Industries) above ₹10,000 Cr

Enterprise Classification (continued)

Mega employment test — worked

GFCI of ₹2,000 Cr is ₹1,000 Cr above the threshold, that is five blocks of ₹200 Cr. Direct jobs needed: $250 + (5 \times 50) = 500$. For an Ultra-Mega unit with GFCI of ₹20,000 Cr, the excess is two blocks of ₹5,000 Cr, so $3,000 + 1,000 = 4,000$ jobs are needed. Direct employment includes payroll staff and contract staff engaged through agencies registered with the Labour & Employment Department.

Missing the Mega test is not fatal

An investment above ₹1,000 Cr that misses the employment test — or is not in a Thrust sector — is still eligible as a **Large** unit: Large – General, Large – Thrust or Large – Selected Thrust, as the case may be (Large GR paras 4.B, 4.C and 4.F). The ceiling, benefit period and rates then change to those of a Large unit.

Group-level plant and machinery

The MSME class is based on plant and machinery in all units of the enterprise across India, not only the new project. A small new unit of a medium-sized group is Medium.

Plant and machinery, not project cost

₹125 Cr is a plant-and-machinery threshold. A ₹100 Cr Morbi tiles project with ₹64.5 Cr of plant and machinery is still Medium (Example 6).

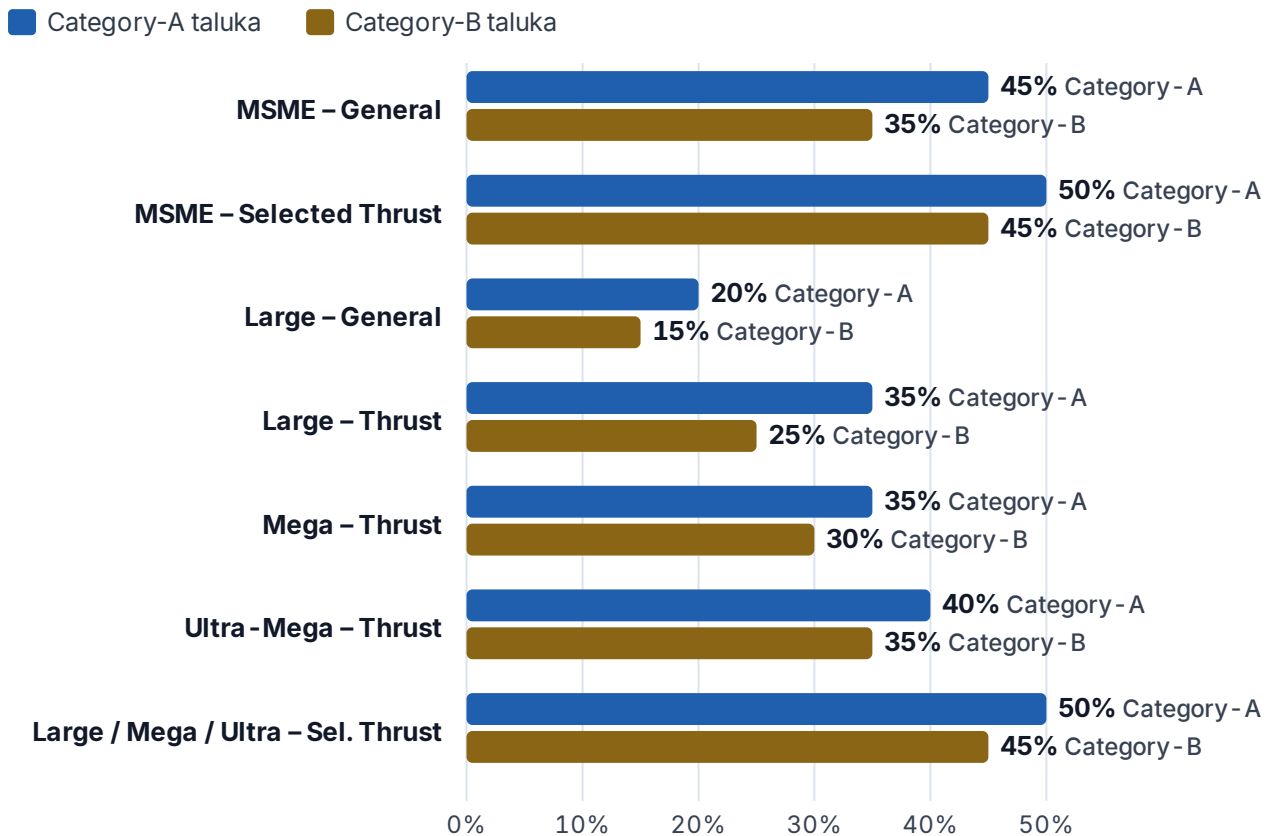
Remaining an MSME

An enterprise can claim MSME assistance for an expansion or diversification only while it continues to fall within the MSME definition (MSME GR para 2.4).

Borderline projects: a ₹1,050 Cr project with ₹60 Cr of pre-operative costs, capitalised interest and working-capital margin has GFCI below ₹1,000 Cr and is therefore Large, not Mega. Plan the cost structure early.

Location Category: A versus B

Overall ceiling (percentage of EFCI): Category-A versus Category-B



What changes with the taluka	Category-A	Category-B
Number of talukas	130	138
Power tariff subsidy	₹2 per unit	₹1 per unit
MSME capital subsidy (General)	35%	25%
MSME annual ceiling (Small & Medium, General)	9% a year	7% a year
Micro annual ceiling, Year 1 / Years 2–5	37% / 2%	27% / 2%
Large capital subsidy: General / Thrust	15% / 25%	10% / 15%

Location Category: A versus B (continued)

Rules for location

The category is taken from the taluka classification GR dated 08.09.2026 (full list in the Annexure). Under the MSME GR, if a project lies in more than one taluka, the taluka holding the **largest share of the project's land area** decides the category (para 1.14).

What it is worth to an MSME

On EFCI of ₹10 Cr in a General sector, moving from a Category-B to a Category-A taluka lifts the ceiling from ₹3.5 Cr to **₹4.5 Cr** — ₹1 Cr more over five years — and doubles the power subsidy rate.

Rajkot, Morbi and neighbouring districts

District	Category-A	Category-B
Rajkot	Vinchhiya, Jamkandorna	Rajkot, Gondal, Lodhika, Kotda Sangani, Jetpur, Dhoraji, Upleta, Jasdan, Paddhari
Morbi	Maliya	Morbi, Wankaner, Tankara, Halvad
Jamnagar	Jodiya	Jamnagar, Lalpur, Jamjodhpur, Kalavad, Dhrol
Surendranagar	Lakhtar, Chuda, Muli, Sayla, Limbdi, Dasada, Chotila	Wadhwan, Thangadh, Dhrangadhra
Ahmedabad	Dholera, Detroj - Rampura, Dhandhuka	Viramgam, Daskroi, Bavla, Dholka, Sanand, Mandal, Ahmedabad City

Most established industrial talukas of Rajkot and Morbi — including the Rajkot, Lodhika, Kotda Sangani, Gondal, Morbi and Wankaner clusters — are **Category-B**. Maliya, Vinchhiya and Jamkandorna are the Category-A options nearest to these clusters.

Thrust versus General Sectors

Thrust sectors decide the higher rates for **Large** units, and only they can be **Mega** or **Ultra-Mega** (Large GR Annexure-A).

No.	Thrust sector	Indicative sub-sectors (summarised)
1	Green Energy Ecosystem	Green hydrogen and ammonia, renewable-energy equipment, battery storage, fuel cells
2	Mobility	Electric vehicles, auto and auto components
3	Capital Equipment	Electrical and industrial machinery, wires and cables, telecom equipment, electrolyzers, all kinds of machinery
4	Metals and Minerals	Metals and metal products, critical minerals, ceramics, refractories, glass including solar glass, granite, marble, cement
5	Textiles and Apparels	Textile value chain, technical textiles, garments and made-ups
6	Sustainability	Recycling and green-technology equipment, energy-efficient machinery, ETP and STP equipment
7	Agro Processing	Food, dairy, grain, fruit and vegetable, edible-oil and spice processing; ready-to-eat foods
8	Chemicals*	Petrochemicals; specialty, agro, bulk and fine chemicals; dyes, polymers, plastics, paints, industrial gases
9	Healthcare*	Pharmaceuticals, APIs, bulk drugs and KSMs, medical devices, diagnostics, surgical consumables
10	Ancillary to Semiconductor	Ultra-high-purity chemicals and gases, wafers, PCBs, IC assembly, sensors
11	Nuclear Power Equipment	Reactor components including small modular reactors, radiation monitoring and shielding
12	Vehicle Scrapping Facilities	Shredders, shears, balers, separators and sorting systems
13	E - Waste Recycling Units	E - waste dismantling and PCB recycling machines, battery recycling, metal recovery
14	Textile Waste Recycling Units	Shredding, opening, ginning, sorting and fibre-recovery machinery
15	Shipping Containers	Dry cargo, high-cube, reefer, tank, open-top and flat-rack containers
16	Heavy Earth Moving Equipment	Excavators, bulldozers, loaders, motor graders, off-highway dump trucks, trenchers, surface miners

Thrust versus General Sectors (continued)

Five Selected Thrust sectors

Sports goods and equipment

Toys

Footwear

Robots

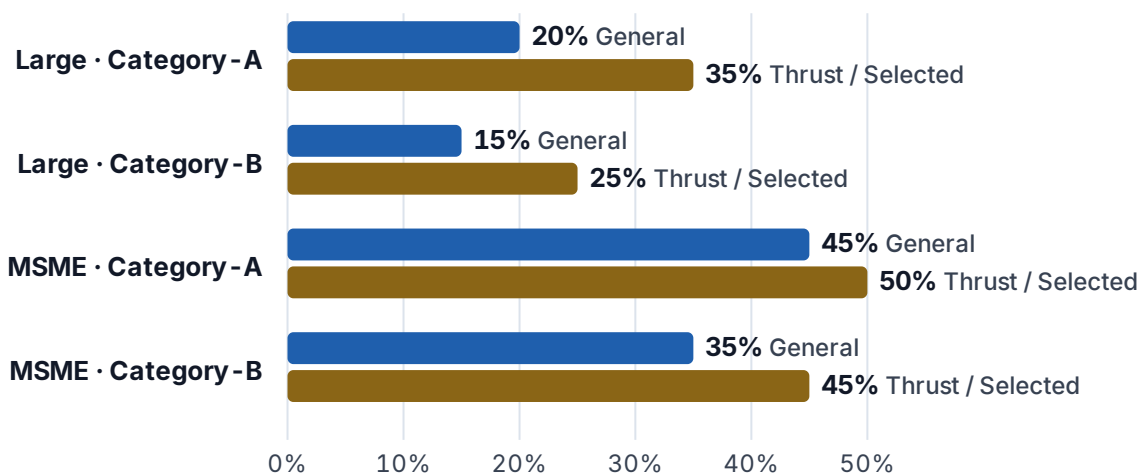
Drones

Any sector notified later

How much the sector adds to the overall ceiling

■ General sector

■ Thrust (Large) / Selected Thrust (MSME)



Key point for MSMEs

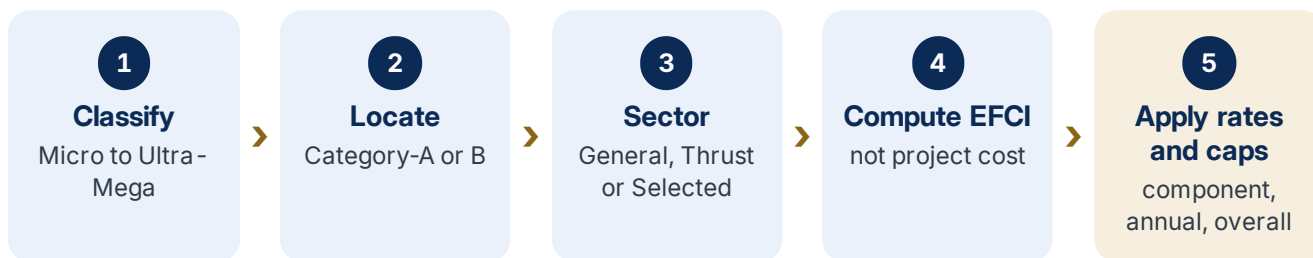
For MSMEs only the five Selected Thrust sectors attract higher rates. An MSME making chemicals, ceramics or auto parts is on **General** rates, even though these are Thrust sectors for Large units.

Mega and Ultra-Mega

These classes exist **only** for Thrust and Selected Thrust sectors. A General-sector project of any size is a Large – General unit, with a ceiling of 20% (Category-A) or 15% (Category-B).

*Chemical and pharmaceutical units (Thrust sectors 8 and 9) must have a captive effluent treatment plant or access to a CETP — this is a condition precedent. Disputes about sub-sectors are decided by the Committee under para 12(a) of the Large GR, on the basis of the HSN code and the opinion of sector experts.

How the Subsidy Works



The three components — choose any one, or any combination



1 • Capital subsidy
10% – 35%

of EFCI. Micro units receive it as a lump sum in Year 1; all others in equal annual instalments over the benefit period. It is paid only after commercial production starts, and does not need a bank loan.



2 • Interest subsidy
7% a year

on the term loan actually disbursed for EFCI within the investment period, capped at 10% to 25% of EFCI. The unit bears at least 2%. No subsidy for default periods; penal interest is excluded; NBFC loans do not qualify.



3 • Power tariff
₹1 – ₹2 a unit

on DISCOM power or renewable power through open access, capped at 10% to 25% of EFCI. For an expansion, only additional consumption through a sub-meter counts. Bills must be in the unit's name.

Three layers of ceilings — applied in this order

Layer 1 • Component cap

Each component is limited to its own percentage of EFCI — for example, interest subsidy up to 10% of EFCI for an MSME in a General sector.

Layer 2 • Annual ceiling

The total of all components in a year is limited to a percentage of EFCI, and to an absolute ₹amount for Large units and above. Amounts cut by the annual ceiling are not carried forward.

Layer 3 • Overall ceiling

The total over the whole benefit period is limited to 15%–50% of EFCI. State and Central incentives together cannot exceed 100% of EFCI.

How the Subsidy Works (continued)

Interest subsidy — exact wording of the MSME GR

"7% on Term Loan for 5 years up to 10% of EFCI" for General sectors, and up to 20% of EFCI for Selected Thrust sectors. The 7% is a rate on the term loan; 10% or 20% is the total cap over five years. The only "1%" in the GR is the **additional 1% interest** for women entrepreneurs, registered start-ups and first-generation entrepreneurs, within the overall ceiling. There is no "1% of project cost per year" provision.

Effective yearly room for interest and power (MSME)

After the capital instalment, the annual ceiling leaves **2% of EFCI a year** in General sectors (Category-A: 9% – 7%; Category-B: 7% – 5%; Micro, Years 2–5: 2%) and **3% a year** in Selected Thrust sectors (10% – 7%; 9% – 6%; Micro, Years 2–5: 3%). Over five years this is the 10% or 15% gap up to the overall ceiling.

Annual ceiling × years against the overall ceiling — which one binds?

Class – sector	Category-A: annual × years	A overall	Category-B: annual × years	B overall	₹cap a year
MSME – General (Small & Medium)	$9\% \times 5 = 45\%$	45%	$7\% \times 5 = 35\%$	35%	—
Large – General	$2.0\% \times 10 = 20\%$	20%	$1.5\% \times 10 = 15\%$	15%	₹150 Cr
Large – Thrust	$4.5\% \times 8 = 36\%$	35%	$3.5\% \times 8 = 28\%$	25%	₹300 Cr
Mega – Thrust	$3.5\% \times 10 = 35\%$	35%	$3.0\% \times 10 = 30\%$	30%	₹750 Cr
Ultra-Mega – Thrust	$3.5\% \times 12 = 42\%$	40%	$3.0\% \times 12 = 36\%$	35%	₹1,250 Cr
Large / Mega / Ultra – Selected Thrust	$6.5 \times 8 \cdot 5 \times 10 \cdot 4.5 \times 12$	50%	$6 \times 8 \cdot 4.5 \times 10 \cdot 4 \times 12$	45%	₹300 / 750 / 1,250 Cr

The sum of the component caps is always higher than the overall ceiling (for an MSME in a Category-A General sector: $35\% + 10\% + 25\% = 70\%$, against a 45% ceiling), so the components are **not additive**. Where the annual ceiling multiplied by the years equals the overall ceiling, every year's cap must be used in full to reach the ceiling: a year with low claims is lost for good. Plan the loan drawdown and power connection so that claims start in the first year.

Master Incentive Matrix

Every combination of enterprise, sector and taluka category. Interest and power columns show the **rate** and the **component cap as a percentage of EFCI**.

Micro, Small and Medium Enterprises (MSME GR paras 4.2 and 4.3)

Enterprise – sector	Cat.	Capital subsidy (% of EFCI)	Interest rate · cap	Power ₹/unit · cap	Annual ceiling (% of EFCI)	Overall ceiling	Years
Micro – General	A	35% in Year 1	7% · ≤10%	₹2 · ≤25%	37% Yr 1; 2% Yrs 2–5	45%	5
	B	25% in Year 1	7% · ≤10%	₹1 · ≤25%	27% Yr 1; 2% Yrs 2–5	35%	5
Small & Medium – General	A	35% over 5 yrs	7% · ≤10%	₹2 · ≤25%	9%	45%	5
	B	25% over 5 yrs	7% · ≤10%	₹1 · ≤25%	7%	35%	5
Micro – Selected Thrust	A	35% in Year 1	7% · ≤20%	₹2 · ≤20%	38% Yr 1; 3% Yrs 2–5	50%	5
	B	30% in Year 1	7% · ≤20%	₹1 · ≤20%	33% Yr 1; 3% Yrs 2–5	45%	5
Small & Medium – Selected Thrust	A	35% over 5 yrs	7% · ≤20%	₹2 · ≤20%	10%	50%	5
	B	30% over 5 yrs	7% · ≤20%	₹1 · ≤20%	9%	45%	5

Benefit period five years from DoCP. Additional 1% interest subsidy for women entrepreneurs, registered start-ups in manufacturing and first-generation entrepreneurs — within the overall ceiling. Renewable energy through open access (not captive) qualifies for power tariff reimbursement. Amounts cut by the annual ceiling cannot be carried forward.

Master Incentive Matrix (continued)

Large, Mega and Ultra - Mega units (Large GR paras 4.B to 4.H)

Enterprise – sector	Cat.	Capital subsidy (% of EFCI)	Interest rate · cap	Power ₹/unit · cap	Annual ceiling % of EFCI · ₹cap	Overall ceiling	Years
Large – General	A	15% over 10 yrs	7% · ≤15%	₹2 · ≤15%	2.0% · ₹150 Cr	20%	10
	B	10% over 10 yrs	7% · ≤10%	₹1 · ≤10%	1.5% · ₹150 Cr	15%	10
Large – Thrust	A	25% over 8 yrs	7% · ≤20%	₹2 · ≤20%	4.5% · ₹300 Cr	35%	8
	B	15% over 8 yrs	7% · ≤15%	₹1 · ≤15%	3.5% · ₹300 Cr	25%	8
Mega – Thrust	A	25% over 10 yrs	7% · ≤25%	₹2 · ≤25%	3.5% · ₹750 Cr	35%	10
	B	20% over 10 yrs	7% · ≤20%	₹1 · ≤20%	3.0% · ₹750 Cr	30%	10
Ultra - Mega – Thrust	A	30% over 12 yrs	7% · ≤25%	₹2 · ≤25%	3.5% · ₹1,250 Cr	40%	12
	B	25% over 12 yrs	7% · ≤20%	₹1 · ≤20%	3.0% · ₹1,250 Cr	35%	12
Large – Selected Thrust	A	35% over 8 yrs	7% · ≤20%	₹2 · ≤20%	6.5% · ₹300 Cr	50%	8
	B	30% over 8 yrs	7% · ≤20%	₹1 · ≤20%	6.0% · ₹300 Cr	45%	8
Mega – Selected Thrust	A	35% over 10 yrs	7% · ≤20%	₹2 · ≤20%	5.0% · ₹750 Cr	50%	10
	B	30% over 10 yrs	7% · ≤20%	₹1 · ≤20%	4.5% · ₹750 Cr	45%	10
Ultra - Mega – Selected Thrust	A	35% over 12 yrs	7% · ≤20%	₹2 · ≤20%	4.5% · ₹1,250 Cr	50%	12
	B	30% over 12 yrs	7% · ≤20%	₹1 · ≤20%	4.0% · ₹1,250 Cr	45%	12

Period from DoCP. The annual ceiling is both a percentage of EFCI and an absolute ₹amount a year. For Mega and Ultra - Mega projects in Thrust and Selected Thrust sectors, a High - Power Committee chaired by the Hon'ble Chief Minister may sanction a customised package. Investment above ₹1,000 Cr that misses the Mega employment test, or is outside the Thrust sectors, is eligible as Large – General, Large – Thrust or Large – Selected Thrust.

GFCI versus EFCI: Eligibility Check and Subsidy Calculation

GFCI · Gross Fixed Capital Investment

used to **check eligibility**

- › **Class:** Large means GFCI in plant and machinery above ₹125 Cr; Mega needs GFCI of ₹1,000 Cr and Ultra-Mega ₹10,000 Cr, with the job tests.
- › **Expansion:** GFCI must rise by at least 50% (60% of it in plant and machinery). **Diversification:** at least 25% for Micro and Small, 50% for Medium and Large+.
- › **Investment period slab:** for MSMEs by plant and machinery (up to ₹50 Cr: 12 months; ₹50–125 Cr: 18 months); for Large+ by GFCI (18 to 48 months).
- › **Final eligibility:** lower of GFCI, the bank's Project Completion Certificate and asset verification — or the CA / CE certificate if self-financed.
- › **No double benefit:** the same GFCI must not have been incentivised under another State scheme.

EFCI · Eligible Fixed Capital Investment

used to **calculate the subsidy**

- › **Capital subsidy** is the applicable rate (10%–35%) multiplied by EFCI.
- › **Interest cap** and **power cap** are percentages of EFCI (10%–25%).
- › **Annual ceiling** and **overall ceiling** are percentages of EFCI.
- › **Provisional Eligibility Certificate** is issued for up to 40% of EFCI at DoCP.
- › **State plus Central** incentives cannot exceed 100% of EFCI; interest subsidy is only on the loan taken for EFCI.

Example 9 · Morbi, Mega

GFCI of ₹1,410 Cr is above ₹1,000 Cr, so the Mega test is met. The subsidy, however, is calculated on EFCI of ₹1,324 Cr, not on GFCI.

Example 6 · Morbi tiles

A ₹100 Cr project with plant and machinery of ₹64.50 Cr is Medium, with an 18-month extended investment period. EFCI is ₹83.30 Cr.

GFCI versus EFCI (continued)

Inclusion and exclusion — GFCI and EFCI side by side

Cost head	GFCI MSME	GFCI Large+	EFCI (both)	Note
Land and land development	✗ Out	✓ In	✗ Out	MSME GR 1.10 excludes land from GFCI; Large GR 1.14 includes it
New factory building	✓ In	✓ In	✓ In	EFCI: process buildings at actual cost
Administrative building	✓ In	✓ In	◆ Limited	EFCI: lower of actual cost and R&B SOR
New plant and machinery, utilities, tools and equipment	✓ In	✓ In	✓ In	EFCI includes erection, electrification and transformer
Second-hand plant and machinery	✓ In	✓ In	✗ Out	Part of the investment in plant and machinery; excluded from EFCI
Technology, drawings, patents	✓ In	✓ In	◆ Limited	EFCI: up to 10% of EFCI in plant and machinery
Project infrastructure (housing, feeder road and similar)	✓ In	✓ In	◆ Limited	EFCI: 50% for MSME; 100% inside / 20% outside premises for Large
Furniture and office equipment	✓ In	✓ In	✗ Out	Other fixed assets count in GFCI; not an EFCI head
Pre-operative expenses and capitalised interest	✗ Out	✗ Out	✗ Out	Not fixed assets in their own right; excluded from both in this guide
Working capital	✗ Out	✗ Out	✗ Out	Never a fixed asset

In this guide GFCI is taken as project cost less working-capital margin, pre-operative expenses and capitalised interest, and also less land for MSMEs. Only assets **acquired and paid** within the eligible investment period count for either figure.

EFCI Explained

TOTAL PROJECT COST

Everything the project report and books show

LESS: NON-ELIGIBLE COSTS

Land, working capital, pre-operative expenses, capitalised interest, goodwill, royalty, second-hand plant, rented assets, non-captive power plant, consultancy without technology

APPLY SPECIFIC LIMITS

Admin building at lower of actual and SOR; technology up to 10% of P&M EFCI; DG set up to 50% of load and 5 MW (MSME) or 25 MW (Large); project infrastructure at 50% (MSME) or 100% / 20% (Large)

ELIGIBLE FIXED CAPITAL INVESTMENT

Only assets acquired and paid between 01.01.2026 and the end of the extended investment period

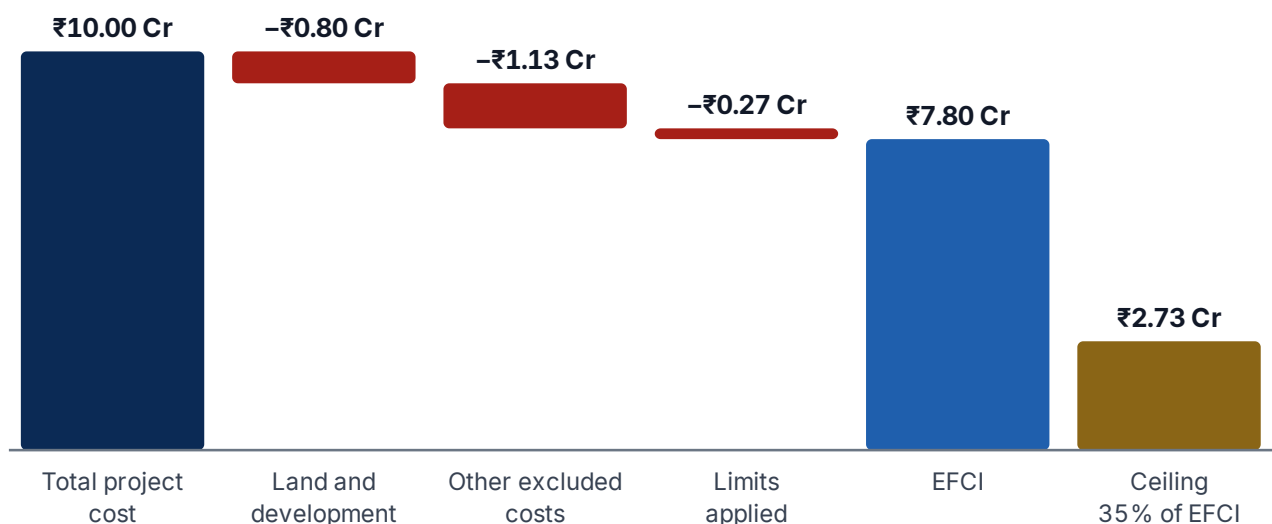
APPLY RATES AND CAPS

Component caps, then the annual ceiling, then the overall ceiling

OVERALL INCENTIVE

Up to the overall ceiling $\times$ EFCI; State and Central together up to EFCI

Illustration — ₹10 Cr engineering MSME (Example 4, Rajkot, Category-B, General)



Only 78% of this project's cost qualifies as EFCI. The benefit is capped at 35% of EFCI, that is ₹2.73 Cr — about 27% of the project cost, not 35%. Line-by-line workings are in the Step-by-Step section.

EFCl Inclusion and Exclusion — Master Table

A cost is not eligible just because it is capitalised in the books. Status legend: ✓ Eligible

◆ With limit

✗ Not eligible

Cost head	Status	Limit or condition	Explanation
Land and land development	✗ Not eligible	—	Excluded in both GRs. Stamp duty on land is not EFCl; it is reimbursed separately where the scheme provides.
New factory or manufacturing building	✓ Eligible	Actual cost	Buildings for plant and machinery, R&D, in-house testing, storage and other process-linked buildings, at actual cost.
Administrative building	◆ With limit	Lower of actual and R&B SOR	Schedule of Rates of the relevant year of the State Roads & Buildings Department. Keep an architect or CE working.
Acquired new and unused building	◆ With limit	Lower of actual and SOR (process buildings at actual)	Treated as a new building. Acquisition of an old building is excluded.
Old building, repairs, refurbishment	✗ Not eligible	—	Never EFCl.
Building on leased or rented land	◆ With limit	Lease or rent deed must cover the incentive period (MSME)	Building on own land, a GIDC plot, or land under a lease or rent deed covering the incentive period is eligible.
Rented or leased building or shed	✗ Not eligible	Exception: GIDC sheds	MSME: rented or leased assets are excluded; constructed GIDC sheds are eligible. Large: leased buildings excluded except GIDC sheds. MSEs may claim rent assistance instead.
Other construction	✓ Eligible	Actual cost	Compound wall, gates, security cabins, internal roads, borewell, water tank, internal water and gas pipelines.

SECTION 11

EFCl Inclusion and Exclusion — Master Table (continued)

Cost head	Status	Limit or condition	Explanation
Plant and machinery (new)	✓ Eligible	Capitalised under P&M	Includes utilities, dies and moulds, transport, foundation, erection, installation and electrification.
Imported machinery (new)	✓ Eligible	Must be new; at capitalised cost	Eligible as new plant and machinery at the cost capitalised in the books — including non-refundable customs duty, excluding GST for which input credit is available.
Second-hand machinery (indigenous or imported)	✗ Not eligible	—	Excluded in both GRs. The Large GR also excludes leased or rented plant and machinery.
Installation, erection, foundation, transport	✓ Eligible	If capitalised with P&M	Part of the plant-and-machinery definition.
Sub-station and transformer	✓ Eligible	Installed in own premises	Electrification cost expressly includes the sub-station and transformer.
Non-refundable deposit to the electricity company	◆ With limit	Project infrastructure	MSME: 50% of actual. Large: 100% if within premises, 20% if outside.
Utilities (compressor, boiler, cooling tower)	✓ Eligible	Within P&M	Utilities form part of plant and machinery. Existing common utilities of an industrial complex are not EFCl.
DG set	◆ With limit	Up to 50% of connected load and 5 MW (MSME) or 25 MW (Large)	Only a DG set within the limit is included as plant and machinery; a larger set does not qualify.
Captive power plant (including solar) within premises	✓ Eligible	Captive use only	Plants for third-party sale, non-captive use or independent power plants are excluded. Captive consumption gets no power-tariff subsidy.

EFCI Inclusion and Exclusion — Master Table (continued)

Cost head	Status	Limit or condition	Explanation
Pollution control, ETP, hazardous-waste facilities	✓ Eligible	Within P&M	Collection, treatment and disposal of effluent, solid or hazardous waste.
Desalination or water-purification plant	✓ Eligible	Within P&M	Plant for desalination of sea water or purification of water.
Technology, design and drawings, patents	◆ With limit	Up to 10% of EFCI in P&M	Must represent acquisition of technology.
Consultancy, design-drawing, supervision, third-party inspection fees	✗ Not eligible	Unless linked to technology acquisition	Excluded when there is no technology acquisition.
Royalty and goodwill	✗ Not eligible	—	Excluded. Royalty for the first two years may be covered by the separate technology-acquisition assistance.
Software and IT	✗ Not eligible	—	Not an EFCI head. MSMEs get separate assistance: ERP 65% up to ₹1 lakh and ICT 65% up to ₹5 lakh.
Vehicles used within premises, material handling	✓ Eligible	Exclusively within premises	Forklifts and in-plant transport.
Road vehicles and cars	✗ Not eligible	—	Not covered; only vehicles used within the premises qualify.
Buses for workers' conveyance	◆ With limit	Project infrastructure	MSME: 50% of actual. Large: 20% of actual, as buses run outside the premises.
Worker housing, dormitory, hospital, school, creche	◆ With limit	Project infrastructure	MSME: 50% of actual. Large: 100% within premises, 20% outside.

SECTION 11

EFCI Inclusion and Exclusion — Master Table (continued)

Cost head	Status	Limit or condition	Explanation
Feeder road, dedicated pipelines, telecom cabling, training centre	◆ With limit	Project infrastructure	Same 50% (MSME) or 100% / 20% (Large) rule. Other items only if approved by the SLEC or the Committee.
Bank or post-office building provided free of charge	◆ With limit	Project infrastructure	MSME: 50% of actual. Large: considered as per SOR, with the 100% / 20% rule.
Furniture, fixtures and office equipment	✗ Not eligible	—	Not an EFCI head under either GR. They count in GFCI as other fixed assets, but not in EFCI.
Preliminary and pre-operative expenses	✗ Not eligible	—	Excluded.
Interest capitalised during construction	✗ Not eligible	—	Excluded.
Working capital and margin money	✗ Not eligible	—	Excluded.
Assets not paid, or paid outside the investment period	✗ Not eligible	—	Only assets acquired and paid from 01.01.2026 to the end of the extended investment period count.

Final EFCI is the lowest of

(a) GFCI actually made; (b) the cost certified in the bank or FI Project Completion Certificate; (c) the asset verification report of the DIC, MSME Commissionerate or Industries Commissionerate. For a self-financed project, the Statutory Auditor / CA / CE / CS certificate is compared with asset verification, and the lower figure is taken.

MSME and Large differ on

DG-set cap of **5 MW** against **25 MW**; project infrastructure at **50%** flat against **100% inside / 20% outside** the premises; GFCI **excludes land** for MSMEs but **includes land** for Large units. EFCI excludes land in both.

EFCI Eligibility Checklist

✓ ELIGIBLE

New factory and process buildings (actual cost)

Other construction: wall, roads, borewell, tanks, internal pipelines

New plant and machinery, utilities, dies and moulds

New imported machinery

Transport, foundation, erection, installation

Electrification, sub-station and transformer

Captive power plant within premises

Pollution control, ETP, waste facilities

Desalination and water purification

In-premises vehicles and material handling

Constructed GIDC sheds

◆ WITH LIMIT

Administrative building — lower of actual and SOR

Technology, drawings, patents — up to 10% of P&M EFCI

DG set — up to 50% of load and 5 MW / 25 MW

Project infrastructure — 50% (MSME); 100% inside, 20% outside (Large)

Worker housing, dormitory, creche, school, hospital

Feeder road, dedicated pipelines, telecom cabling

Non-refundable DISCOM deposit

Buses for workers

Building on leased land (lease covers the incentive period)

✗ NOT ELIGIBLE

Land and land development

Working capital and margin money

Pre-operative and preliminary expenses

Capitalised interest

Goodwill and royalty

Second-hand plant and machinery

Rented or leased assets and buildings (except GIDC sheds)

Old building, repair, refurbishment

Non-captive or independent power plants

Consultancy and inspection fees without technology

Road vehicles

Software, furniture and office equipment

Assets not paid within the period

Existing common utilities

Reimbursed stamp duty and registration

Tip: tag every line of the fixed-asset register with a green, amber or red code, with the vendor, invoice date and payment date, from the first day of the project. It makes the CA certificate, the bank's completion certificate and the asset verification agree.

Step-by-Step Subsidy Calculation

Example 4 · ₹10 Cr auto-parts and pump-components machining unit · Small enterprise · Rajkot taluka (Category-B) · General sector · term loan 60% of EFCI at 9.5% · 20 lakh units a year. **Illustrative example — the actual benefit depends on eligibility, EFCI, utilisation and the applicable GR conditions.**

Steps 1 to 3 · From project cost to EFCI (₹ Cr)

Cost head	Cost	EFCI	Rule applied
✗ Land & land development	0.80	0.00	Land — excluded
✓ Factory building	1.45	1.45	Actual cost
◆ Administrative building (actual ₹0.40; SOR value ₹0.32)	0.40	0.32	Lower of actual / R&B SOR
✓ Other construction (wall, roads, borewell, tank)	0.30	0.30	Actual cost
✓ New indigenous P&M	3.05	3.05	Eligible as P&M
✓ New imported P&M	1.20	1.20	Eligible as P&M
✓ Erection, installation, electrification incl. transformer	0.35	0.35	Eligible as P&M
✓ Utilities (compressor, cooling tower)	0.25	0.25	Eligible as P&M
✓ ETP / pollution control	0.15	0.15	Eligible as P&M
✓ DG set within 50% load / 5 MW limit	0.12	0.12	Eligible as P&M
✗ Second-hand imported machine	0.30	0.00	Second-hand P&M — excluded
◆ Technical know-how & drawings	0.60	0.51	Capped at 10% of P&M EFCI (0.51)
✗ Consultancy / DPR / supervision fee (no technology)	0.08	0.00	Excluded without technology acquisition
◆ Feeder road + DISCOM non-refundable deposit	0.20	0.10	50% of actual (MSME)
✗ Furniture & office equipment	0.10	0.00	Not an EFCI head *
✗ Car for staff	0.12	0.00	Only in-premises vehicles qualify
✗ Preliminary & pre-operative expenses	0.10	0.00	Excluded
✗ Interest during construction (capitalised)	0.18	0.00	Interest capitalised — excluded
✗ Margin money for working capital	0.25	0.00	Working capital — excluded
Total	10.00	7.80	EFCI = 78% of cost

Plant and machinery for classification is about ₹5.42 Cr (including the second-hand machine), so the unit is Small (₹2.5–25 Cr). The technology fee is capped at 10% of EFCI in plant and machinery (₹5.12 Cr). *Not an EFCI head.

Step-by-Step Subsidy Calculation (continued)

Step 4 · Claims under each component (₹ Cr)

Capital subsidy: $25\% \times 7.80$	1.95
Interest subsidy: 7% on a ₹4.68 Cr loan (9.5% – 7% leaves 2.5%, above the 2% the unit must bear), seven-year repayment; cap 10% of EFCI = 0.78	0.78
Power subsidy: ₹1 × 20 lakh units × 5 years; cap 25% of EFCI	1.00
Sum of claims (gross)	3.73
Overall ceiling: $35\% \times 7.80$	2.73

Step 5 · Year by year, within the annual ceiling of 7% of EFCI (₹ Cr)

Year	Capital	Interest	Power	Total	Annual cap
Year 1	0.390	0.156	0.000	0.546	0.546
Year 2	0.390	0.156	0.000	0.546	0.546
Year 3	0.390	0.156	0.000	0.546	0.546
Year 4	0.390	0.156	0.000	0.546	0.546
Year 5	0.390	0.117	0.039	0.546	0.546
Five years	1.95	0.74	0.04	2.73	

Potential total benefit

35% of EFCI · 27.3% of project cost

₹2.73 Cr

Gross claims of ₹3.73 Cr exceed the ceiling; the excess of ₹1.00 Cr is not payable — there is no double counting and no carry-forward. Within the annual ceiling, the capital instalment is applied first, then interest, then power.

Main Benefits by Category and Taluka

Capital is a percentage of EFCI. **Interest** is 7% a year on the term loan and **power** is a rupee amount per unit, each with its total capped at the percentage of EFCI shown. The **ceiling** is the maximum of all three together.

Enterprise · sector	Category-A taluka				Category-B taluka				Years
	Capital	Interest 7%, cap	Power ₹2, cap	Ceiling	Capital	Interest 7%, cap	Power ₹1, cap	Ceiling	
Micro General	35% Year 1	10%	25%	45%	25% Year 1	10%	25%	35%	5
Small & Medium General	35% 5 years	10%	25%	45%	25% 5 years	10%	25%	35%	5
MSME Selected Thrust	35%	20%	20%	50%	30%	20%	20%	45%	5
Large General	15% 10 years	15%	15%	20%	10% 10 years	10%	10%	15%	10
Large Thrust	25% 8 years	20%	20%	35%	15% 8 years	15%	15%	25%	8
Mega Thrust	25% 10 years	25%	25%	35%	20% 10 years	20%	20%	30%	10
Ultra-Mega Thrust	30% 12 years	25%	25%	40%	25% 12 years	20%	20%	35%	12
Large / Mega / Ultra Selected Thrust	35%	20%	20%	50%	30%	20%	20%	45%	8 / 10 / 12

Engineering and ceramic units — which rates?

MSMEs: General rates, because neither is a Selected Thrust sector. **Large, Mega and Ultra-Mega:** Thrust rates — ceramics under Metals and Minerals; engineering under Capital Equipment, Mobility, Metals and Minerals (metal products) or Heavy Earth Moving Equipment, depending on the product and its HSN code.

Per ₹1 Cr of EFCI, at most

₹45 lakh for an MSME in Category-A and **₹35 lakh** in Category-B; **₹35 / 25 lakh** for a Large Thrust unit; **₹40 / 35 lakh** for an Ultra-Mega unit; **₹50 / 45 lakh** in Selected Thrust sectors.

Project Examples — Summary

Illustrative examples — the actual benefit depends on eligibility, EFCI, utilisation and the applicable GR conditions. One Category-A and one Category-B example for each enterprise class, using Rajkot and Morbi engineering and ceramic units. Figures are undiscounted totals over the benefit period.

#	Project · class · sector	Taluka	Project cost	EFCI	Ceiling	Benefit	% of cost
1	Precision parts Micro · General	Jamkandorna Category-A	₹2.00 Cr	₹1.39 Cr	45%	₹0.63 Cr	31%
2	Frit and glaze Micro · General	Morbi Category-B	₹2.50 Cr	₹1.84 Cr	35%	₹0.64 Cr	26%
3	Wall tiles Small · General	Maliya Category-A	₹15.00 Cr	₹12.40 Cr	45%	₹5.58 Cr	37%
4	Auto and pump parts Small · General	Rajkot Category-B	₹10.00 Cr	₹7.80 Cr	35%	₹2.73 Cr	27%
5	Forging and CNC Medium · General	Vinchhiya Category-A	₹60.00 Cr	₹49.00 Cr	45%	₹22.05 Cr	37%
6	Vitrified tiles Medium · General	Morbi Category-B	₹100.0 Cr	₹83.30 Cr	35%	₹29.15 Cr	29%
7	Porcelain slabs Large · Thrust	Maliya Category-A	₹300.0 Cr	₹269.9 Cr	35%	₹94.46 Cr	31%
8	CNC machine tools Large · Thrust	Lodhika Category-B	₹250.0 Cr	₹220.8 Cr	25%	₹55.20 Cr	22%
9	Tiles and sanitary-ware Mega · Thrust	Maliya Category-A	₹1,500 Cr	₹1,324 Cr	35%	₹463.4 Cr	31%
10	Earth-moving equipment Mega · Thrust	Rajkot Category-B	₹1,200 Cr	₹1,062 Cr	30%	₹318.5 Cr	27%
11	Ceramic and solar glass Ultra-Mega · Thrust	Maliya Category-A	₹12,000 Cr	₹10,977 Cr	40%	₹4,391 Cr	37%
12	EV and auto components Ultra-Mega · Thrust	Kotda Sangani Category-B	₹11,000 Cr	₹10,038 Cr	35%	₹3,513 Cr	32%

Common assumptions: term loan 60% of EFCI at 9.5% (MSME) or 9.25% / 9.0% / 8.75% for larger projects (at 8.75% the subsidy is restricted to 6.75% so that the unit bears 2%); equal annual principal repayment over 7 to 12 years; all assets acquired and paid within the eligible period; power from the DISCOM; where the annual ceiling binds, the capital instalment is applied first, then interest, then power. In every example the gross claims exceed the overall ceiling, so the ceiling decides the benefit. On the example cards, "Excluded" covers land, working capital, pre-operative expenses, capitalised interest, second-hand plant, road vehicles and furniture; "Limits applied" covers the SOR limit, the 10% technology cap and the project-infrastructure percentages.

Project Examples — Micro and Small

1 ₹2.00 Cr · Precision turned & machined parts Engineering
Micro · General · Jamkandorna (Rajkot) · Category-A · 18 jobs · 4 lakh units a year

PROJECT COST ₹2.00 Cr	EXCLUDED -₹0.61 Cr	LIMITS APPLIED -₹0.00 Cr	EFCI ₹1.39 Cr
CAPITAL CLAIM ₹0.49 Cr	INTEREST CLAIM ₹0.14 Cr	POWER CLAIM ₹0.35 Cr	BENEFIT · CEILING 45% ₹0.63 Cr

Plant and machinery ₹1.09 Cr, so Micro. The 35% capital subsidy is paid in Year 1 (Year-1 cap 37%), then 2% a year, reaching the 45% ceiling.

2 ₹2.50 Cr · Ceramic frit & glaze unit Ceramic
Micro · General · Morbi · Category-B · 22 jobs · 6 lakh units a year

PROJECT COST ₹2.50 Cr	EXCLUDED -₹0.66 Cr	LIMITS APPLIED -₹0.00 Cr	EFCI ₹1.84 Cr
CAPITAL CLAIM ₹0.46 Cr	INTEREST CLAIM ₹0.18 Cr	POWER CLAIM ₹0.30 Cr	BENEFIT · CEILING 35% ₹0.64 Cr

Ceramics is not a Selected Thrust sector, so MSME General rates apply. Micro in Category-B: 25% capital subsidy in Year 1; the old ball mill is excluded.

3 ₹15.00 Cr · Ceramic wall-tile plant Ceramic
Small · General · Maliya (Morbi) · Category-A · 90 jobs · 40 lakh units a year

PROJECT COST ₹15.00 Cr	EXCLUDED -₹2.30 Cr	LIMITS APPLIED -₹0.30 Cr	EFCI ₹12.40 Cr
CAPITAL CLAIM ₹4.34 Cr	INTEREST CLAIM ₹1.24 Cr	POWER CLAIM ₹3.10 Cr	BENEFIT · CEILING 45% ₹5.58 Cr

Maliya is Category-A, so the ceiling is 45%. The dormitory within the premises counts at 50% (MSME rule); the administrative building is taken at SOR.

Project Examples — Small and Medium

4

₹10.00 Cr · Auto-parts & pump components machining

Engineering

Small · General · Rajkot · Category-B · 60 jobs · 20 lakh units a year

PROJECT COST
₹10.00 Cr

EXCLUDED
-₹1.93 Cr

LIMITS APPLIED
-₹0.27 Cr

EFCI
₹7.80 Cr

CAPITAL CLAIM
₹1.95 Cr

INTEREST CLAIM
₹0.78 Cr

POWER CLAIM
₹1.00 Cr

BENEFIT · CEILING
35%
₹2.73 Cr

Worked line by line in the Step-by-Step section. Even if self-financed, the capital subsidy alone would be ₹1.95 Cr.

5

₹60.00 Cr · Forging & CNC machining unit

Engineering

Medium · General · Vinchhiya (Rajkot) · Category-A · 220 jobs · 1.2 crore units a year

PROJECT COST
₹60.00 Cr

EXCLUDED
-₹10.70 Cr

LIMITS APPLIED
-₹0.30 Cr

EFCI
₹49.00 Cr

CAPITAL CLAIM
₹17.15 Cr

INTEREST CLAIM
₹4.90 Cr

POWER CLAIM
₹12.00 Cr

BENEFIT · CEILING
45%
₹22.05 Cr

Plant and machinery ₹35.3 Cr, so Medium; up to ₹50 Cr, so a 12-month extended investment period. The worker bus counts at 50%.

6

₹100.0 Cr · Vitrified tiles plant

Ceramic

Medium · General · Morbi · Category-B · 320 jobs · 3 crore units a year

PROJECT COST
₹100.0 Cr

EXCLUDED
-₹16.50 Cr

LIMITS APPLIED
-₹0.20 Cr

EFCI
₹83.30 Cr

CAPITAL CLAIM
₹20.82 Cr

INTEREST CLAIM
₹8.33 Cr

POWER CLAIM
₹15.00 Cr

BENEFIT · CEILING
35%
₹29.15 Cr

Project cost ₹100 Cr but plant and machinery ₹64.5 Cr: Medium, with an 18-month investment period. The second-hand polishing line is excluded.

Project Examples — Large and Mega

7

₹300.0 Cr · Large-format porcelain slab plant Ceramic

Large · Thrust · Maliya (Morbi) · Category-A · 650 jobs · 8 crore units a year

PROJECT COST
₹300.0 Cr

EXCLUDED
-₹28.00 Cr

LIMITS APPLIED
-₹2.10 Cr

EFCI
₹269.9 Cr

CAPITAL CLAIM
₹67.48 Cr

INTEREST CLAIM
₹45.34 Cr

POWER CLAIM
₹53.98 Cr

BENEFIT · CEILING
35%
₹94.46 Cr

Plant and machinery ₹201 Cr, so Large. Ceramics is a Thrust sector (Metals and Minerals). Category-A: 35% over 8 years; housing inside the premises 100%, road outside 20%.

8

₹250.0 Cr · CNC machine tools & industrial machinery Engineering

Large · Thrust · Lodhika (Rajkot) · Category-B · 600 jobs · 5 crore units a year

PROJECT COST
₹250.0 Cr

EXCLUDED
-₹28.00 Cr

LIMITS APPLIED
-₹1.20 Cr

EFCI
₹220.8 Cr

CAPITAL CLAIM
₹33.12 Cr

INTEREST CLAIM
₹33.12 Cr

POWER CLAIM
₹33.12 Cr

BENEFIT · CEILING
25%
₹55.20 Cr

Machine tools are a Thrust sector (Capital Equipment). Category-B: 25% over 8 years with a 3.5% annual cap; the ceiling is reached in Year 7.

9

₹1,500 Cr · Integrated tiles & sanitaryware complex Ceramic

Mega · Thrust · Maliya (Morbi) · Category-A · 1,200 jobs · 40 crore units a year

PROJECT COST
₹1,500 Cr

EXCLUDED
-₹165.0 Cr

LIMITS APPLIED
-₹11.00 Cr

EFCI
₹1,324 Cr

CAPITAL CLAIM
₹331.0 Cr

INTEREST CLAIM
₹268.1 Cr

POWER CLAIM
₹331.0 Cr

BENEFIT · CEILING
35%
₹463.4 Cr

GFCI (including land) ₹1,410 Cr is above ₹1,000 Cr; jobs needed $250 + 2 \times 50 = 350$, and 1,200 are planned — so **Mega**. The High-Power Committee may sanction a customised package.

Project Examples — Mega and Ultra-Mega

10

₹1,200 Cr · Heavy earth-moving equipment plant

Engineering

Mega · Thrust · Rajkot · Category-B · 1,500 jobs · 20 crore units a year

PROJECT COST
₹1,200 Cr

EXCLUDED
-₹130.0 Cr

LIMITS APPLIED
-₹8.40 Cr

EFCI
₹1,062 Cr

CAPITAL CLAIM
₹212.3 Cr

INTEREST CLAIM
₹212.3 Cr

POWER CLAIM
₹200.0 Cr

BENEFIT · CEILING
30%
₹318.5 Cr

GFCI ₹1,135 Cr is above ₹1,000 Cr; 250 jobs are needed and 1,500 are planned — so **Mega**, Thrust (Heavy Earth Moving Equipment). Category-B: 30% over 10 years.

11

₹12,000 Cr · Integrated ceramic & solar-glass complex

Ceramic

Ultra-Mega · Thrust · Maliya (Morbi) · Category-A · 4,000 jobs · 200 crore units a year

PROJECT COST
₹12,000 Cr

EXCLUDED
-₹960.0 Cr

LIMITS APPLIED
-₹63.00 Cr

EFCI
₹10,977 Cr

CAPITAL CLAIM
₹3,293 Cr

INTEREST CLAIM
₹2,667 Cr

POWER CLAIM
₹2,744 Cr

BENEFIT · CEILING
40%
₹4,391 Cr

GFCI ₹11,560 Cr is above ₹10,000 Cr; 3,000 jobs are needed and 4,000 are planned — so **Ultra-Mega**, with 100% reimbursement of stamp duty and registration on the land as well.

12

₹11,000 Cr · EV & auto-components gigafactory

Engineering

Ultra-Mega · Thrust · Kotda Sangani (Rajkot) · Category-B · 3,800 jobs · 150 crore units a year

PROJECT COST
₹11,000 Cr

EXCLUDED
-₹920.0 Cr

LIMITS APPLIED
-₹42.00 Cr

EFCI
₹10,038 Cr

CAPITAL CLAIM
₹2,510 Cr

INTEREST CLAIM
₹2,008 Cr

POWER CLAIM
₹1,800 Cr

BENEFIT · CEILING
35%
₹3,513 Cr

GFCI ₹10,550 Cr is above ₹10,000 Cr; 3,000 jobs are needed and 3,800 are planned — so **Ultra-Mega**, Thrust (Mobility). Category-B: 35% over 12 years.

Incentive Calculator — Maximum Benefit Grid

Maximum benefit = **EFCl × overall ceiling**, provided the interest and power claims are large enough to fill the gap above the capital subsidy. The component columns show the most each can reach on its own.

EFCl	Category	Capital	Interest (max)	Power (max)	Ceiling	Maximum benefit
₹5.00 Cr	Small – General A	₹1.75 Cr	₹0.50 Cr	₹1.25 Cr	45%	₹2.25 Cr
₹5.00 Cr	Small – General B	₹1.25 Cr	₹0.50 Cr	₹1.25 Cr	35%	₹1.75 Cr
₹5.00 Cr	Small – Selected Thrust B	₹1.50 Cr	₹1.00 Cr	₹1.00 Cr	45%	₹2.25 Cr
₹50.00 Cr	Medium – General A	₹17.50 Cr	₹5.00 Cr	₹12.50 Cr	45%	₹22.50 Cr
₹50.00 Cr	Medium – General B	₹12.50 Cr	₹5.00 Cr	₹12.50 Cr	35%	₹17.50 Cr
₹50.00 Cr	Medium – Selected Thrust A	₹17.50 Cr	₹10.00 Cr	₹10.00 Cr	50%	₹25.00 Cr
₹200.0 Cr	Large – General A	₹30.00 Cr	₹30.00 Cr	₹30.00 Cr	20%	₹40.00 Cr
₹200.0 Cr	Large – General B	₹20.00 Cr	₹20.00 Cr	₹20.00 Cr	15%	₹30.00 Cr
₹200.0 Cr	Large – Thrust A	₹50.00 Cr	₹40.00 Cr	₹40.00 Cr	35%	₹70.00 Cr
₹200.0 Cr	Large – Thrust B	₹30.00 Cr	₹30.00 Cr	₹30.00 Cr	25%	₹50.00 Cr
₹500.0 Cr	Large – Selected Thrust B	₹150.0 Cr	₹100.0 Cr	₹100.0 Cr	45%	₹225.0 Cr
₹1,500 Cr	Mega – Thrust A	₹375.0 Cr	₹375.0 Cr	₹375.0 Cr	35%	₹525.0 Cr
₹1,500 Cr	Mega – Thrust B	₹300.0 Cr	₹300.0 Cr	₹300.0 Cr	30%	₹450.0 Cr
₹12,000 Cr	Ultra-Mega – Thrust A	₹3,600 Cr	₹3,000 Cr	₹3,000 Cr	40%	₹4,800 Cr
₹12,000 Cr	Ultra-Mega – Thrust B	₹3,000 Cr	₹2,400 Cr	₹2,400 Cr	35%	₹4,200 Cr

Quick formula

Headroom above capital subsidy = ceiling – capital rate: MSME General 10% of EFCl; MSME Selected Thrust 15%; Large General 5%; Large Thrust, Mega and Ultra-Mega 10%. Interest and power only need to fill this headroom.

When the ₹annual cap bites

Above EFCl of about ₹7,500 / 10,000 Cr (Large General, A / B), ₹6,667 / 8,571 Cr (Large Thrust), ₹4,615 / 5,000 Cr (Large Selected Thrust), ₹21,429 / 25,000 Cr (Mega Thrust) and ₹35,714 / 41,667 Cr (Ultra-Mega), the absolute cap of ₹150 / 300 / 750 / 1,250 Cr a year governs.

The Overall Ceiling

Overall %

Total of capital, interest and power over the benefit period

Annual %

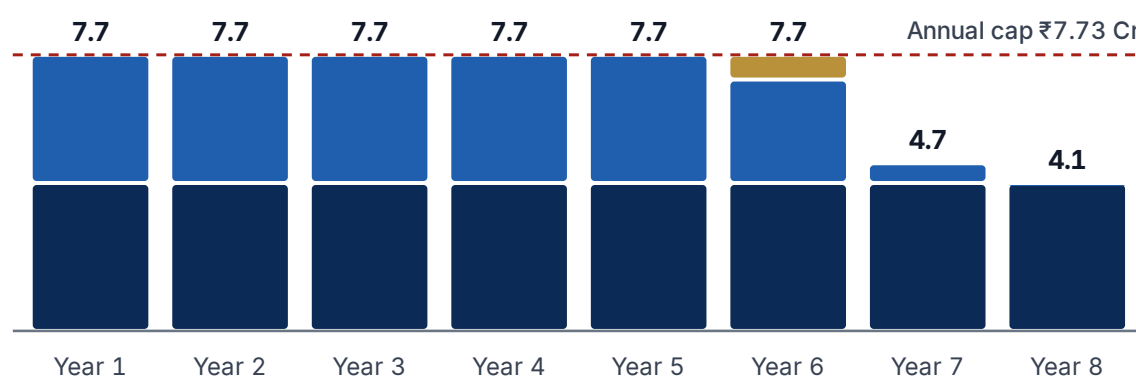
Total in each year; amounts cut are not carried forward

≤ 100% EFCI

State and Central incentives together; the State capital subsidy is reduced to fit

Example 8 · ₹250.0 Cr Large Thrust unit, Lodhika (Rajkot), Category-B — how the ceilings shape the cash flow (₹ Cr)

■ Capital subsidy (15% over 8 years) ■ Interest subsidy ■ Power tariff



EFCI ₹220.8 Cr; annual cap 3.5% = ₹7.73 Cr; overall ceiling 25% = ₹55.20 Cr. Gross claims are ₹99.36 Cr. The overall ceiling is reached in Year 7; Year 8 carries only the last capital instalment.

Inside the ceiling

Capital subsidy, interest subsidy (including the additional 1% for women, start-ups and first-generation MSME entrepreneurs) and power tariff subsidy.

Outside the ceiling (separate limits)

EPF reimbursement, electricity duty exemption, stamp duty and registration reimbursement, the MSME support schemes and the Selected Thrust special provisions. The GRs set the overall ceiling for the combination of capital, interest and power only; each of these benefits has its own limit.

Other Benefits

Available to all eligible units

Benefit	Rate and cap	Duration and timing
EPF reimbursement for new employees (no UAN before joining)	100% of the employer's statutory contribution, up to ₹1,800 a month for male, ₹2,500 for female and ₹3,000 for specially-abled employees, or 12% of basic pay plus DA, whichever is lower.	MSME 5 years; Large Thrust 8 years; Large General, Large Selected Thrust, Mega and Ultra-Mega 10 years; claimed quarterly.
Electricity duty	Exemption as applicable under the Gujarat Electricity Duty Act, 1958 (the Policy states 100%).	As per the Act
Stamp duty and registration on land	100% reimbursement for Ultra-Mega (Thrust) units and for all Selected Thrust units; not part of EFCI.	Claim after DoCP — within 3 months (Large+) or 6 months (MSME) of DoCP.

Inclusion

Women entrepreneurs	Additional 1% interest subsidy within the ceiling; rent assistance at 75% (instead of 65%) for a micro or small enterprise wholly owned by women.
Registered start-ups and first-generation entrepreneurs	Additional 1% interest subsidy for MSMEs, within the overall ceiling.
SC / ST MSME entrepreneurs	The Policy announces an additional 5% of the overall ceiling under the Dr. Babasaheb Ambedkar and Bhagwan Birsa Munda Schemes. The MSME GR dated 25.09.2026 does not include it, so it is not applied in the calculations in this guide.

Other Benefits (continued)

MSME support schemes (MSME GR paras 8 to 17)

Scheme	Assistance	Maximum
ERP system (software, installation, annual service; SaaS subscription)	65% of cost, excluding hardware	₹1 lakh
Quality certification fee and testing equipment	50%	₹10 lakh
ZED certification	50% after Government of India assistance	₹50,000
ICT, Industry 4.0 and AI-related equipment	65% of capital expenditure	₹5 lakh
Technology acquisition (including royalty for two years)	65%	₹50 lakh
Patent registration	75%	₹25 lakh
Energy or water audit · recommended equipment	75% · 25% (with at least 10% saving)	₹50,000 · ₹20 lakh
Raising capital through an SME Exchange	25% of expenditure	₹5 lakh
CGTMSE annual service fee (micro and small)	100%	5 years
Power connection charges (outside GIDC and approved parks)	35%	₹5 lakh
Rent for a shed (micro and small)	65%; 75% if wholly owned by women	₹3 lakh a year × 5 years

Applications for most MSME support schemes must be made within six months of the triggering event (installation, certificate, publication, listing, payment or agreement). The special conditions for each scheme are set out under Special Cases and Exceptions.

Other Benefits (continued)

Selected Thrust sectors — special provisions

Item	MSME	Large / Mega / Ultra - Mega
Stamp duty and registration on land	100%	100%
Intellectual property (patent, design, trademark, copyright, GI)	75%, up to ₹1 Cr	Up to 75%, up to ₹1 Cr
Technology acquisition	65%, up to ₹1 Cr	Up to 75%, up to ₹5 Cr
International certification	100%, up to ₹5 Cr	100%, up to ₹5 Cr
Training of manpower (Gujarat domicile, first 12 months, once)	₹8,000 per employee per month	₹15,000 per employee per month
Creative design studio	50%, up to ₹5 Cr	50%, up to ₹50 Cr (building ≤ 20% of EFCI)
AI subscription (micro units and artisans)	80%, up to ₹1 lakh a year for 3 years	—
Application window	6 months	3 months

Also announced in the Policy

Cleaner production technology (MSME 50% up to ₹1 Cr; Large and above 25% up to ₹2 Cr); zero liquid discharge (MSME 50% up to ₹5 Cr per MLD; Large and above 40% up to ₹7.5 Cr per MLD); R&D centres (50% capital subsidy); DSIR-recognised in-house R&D (50% up to ₹50 Cr); workers' hostels (80% up to ₹40 Cr for common facilities; 40% up to ₹40 Cr for a unit); start-up support; and Project T.H.R.I.V.E. for relocation of units. These are outside the three GRs covered by this guide and are not included in its calculations.

Special Cases and Exceptions

Provisions of the GRs that apply only in particular situations. References are to paragraphs of the MSME GR (25.09.2026) and the Large, Mega & Ultra-Mega GR (08.09.2026).

Situation	Rule	Reference
Project structure		
Expansion or diversification at a different premises	Treated as a new unit (for MSMEs, "existing applying as new").	MSME 1.3(b); Large 1.10
New project using existing utilities	Eligibility is not lost if the project uses the water, electricity, steam, gas or pollution-control facilities of an existing project; those existing utilities are not EFCI.	MSME 1.3(c), 1.5, 1.6; Large 1.8, 1.11
Several projects at one location (Large+)	Each project with separate books and separately identifiable fixed investment may apply separately as an individual unit.	Large 1.8
MSME expansion soon after start-up	Eligible only one year after project completion or DoCP of the existing unit, whichever is later.	MSME 1.5
Installed capacity for the expansion test	As per the bank or FI appraisal report; otherwise as worked out by the MSME Commissioner or the Industries Commissioner.	MSME 1.7; Large 1.13
Number of applications (Large+)	A unit may avail incentives a maximum of two times in the operative period — new, expansion or diversification.	Large 2.4
Change of product (Large+)	Adding or changing products on the existing plant is allowed during the incentive period with the sanctioning authority's approval.	Large 14
Renovation or modernisation	Investment for renovation, rehabilitation, rationalisation (or modernisation) is not eligible.	MSME 5.4(d); Large 18(4)
Finance and interest		
Which lenders qualify	RBI-recognised banks and financial institutions; external commercial borrowings from overseas institutions; Government FIs such as NDDDB, GSFS, HUDCO, REC and PFC; others approved by the SLEC or Committee. NBFC loans do not qualify.	MSME 1.8; Large 1.17
Loan disbursed late	Only the amount disbursed within the eligible investment period counts. For Large+ units, interest subsidy runs from DoCP.	MSME 1.8, 5.2(c); Large 6.B

Special Cases and Exceptions (continued)

Situation	Rule	Reference
Finance and interest (continued)		
Default in repayment	No subsidy for the default period (RBI norms), and that period is deducted from the eligible period. Penal interest and charges are excluded.	MSME 5.2 (d), (e); Large 6.B
Interest subsidy from Government of India	The State subsidy is limited so that the unit still bears at least 2% after the Central subsidy.	MSME 5.2 (g); Large 6.B(viii)
Central schemes and power		
Capital subsidy under a Central scheme	The State capital subsidy is reduced so that total Central and State incentives do not exceed EFCI.	MSME 5.1 (b), 5.4 (c); Large 18(3)
Power for an expansion without a sub-meter	A sub-meter is required. Only a Micro unit without one may claim on consumption above its average of the past three years (or of its shorter past period).	MSME 5.3 (b); Large 6.C(ii)
Captive or renewable power	Power from the unit's own captive plant gets no tariff subsidy; renewable power through open access does (except captive).	MSME 4.2 (f), 5.3 (c); Large 6.C
Certificates, timelines and continuity		
MSME misses the PEC deadline	It may apply directly for the Final Eligibility Certificate within the FEC time limit.	MSME 6.5
Investment complete at DoCP	The unit may apply directly for the FEC instead of the PEC.	MSME 6.2; Large 9.2
Basis of the PEC (Large+)	Issued by the Industries Commissioner on the certificate of a Chartered Accountant and a Chartered Engineer for EFCI and work completed till DoCP, up to 40% of EFCI.	Large 9.6, 9.7
Final eligibility (Large+)	An asset-verification team constituted by the Industries Commissioner verifies the investment; the final entitlement is calculated on its report and approved by the sanctioning authority.	Large 9.8, 9.9
Capital subsidy claims (Large+)	Claimable after the PEC or FEC; paid in equal annual instalments from DoCP. Claims are filed every three months in the prescribed form.	Large 6.A, 11

Special Cases and Exceptions (continued)

Situation	Rule	Reference
Certificates, timelines and continuity (continued)		
Registration (Large+)	Mandatory before DoCP, or within three months of the GR, whichever is later, and in any case within the operative period. A late registration application is not eligible.	Large 8.2–8.4
Late FEC application	MSME: up to two years late — benefit and period cut pro rata. Large+: up to one year late — pro-rata cut. Beyond that, not entertained.	MSME 21; Large 9.5, 10
Incomplete documents	Applications not completed within the prescribed time are liable to rejection; the decision is final.	MSME 21.5; Large 10.6
Production stopped for reasons beyond control	The sanctioning authority may condone the period after verification.	MSME 5.4(e); Large 18(5)
People and EPF		
Who is a new employee	An employee without a UAN before joining, who joins during the incentive period. For an expansion, only the increase in headcount counts.	MSME 7.3; Large 6.D
EPF already reimbursed elsewhere	No EPF reimbursement under this scheme for a period covered by another Central or State scheme.	MSME 7.3(d); Large 6.D(v)
Contract labour for the Mega / Ultra job tests	Counts as direct employment if engaged through agencies registered with the Labour & Employment Department.	Large 1.4, 1.5
MSME support schemes — special conditions		
Quality certification	Not available if the certification is statutory. Renewals, and testing equipment bought after the certificate, are excluded. State and Central assistance together cannot exceed the actual cost.	MSME 8.2
Patent registration	Open to individuals and any legal entity. Attorney fee capped at ₹50,000 (domestic) and ₹2 lakh per country (international); 50% paid on publication, 50% on grant.	MSME 12
Energy and water saving equipment	Needs a saving of at least 10% of the average monthly consumption of the previous 12 months; a one-time assistance.	MSME 13
Power connection charges	Only for units outside GIDC and approved industrial parks.	MSME 16

Special Cases and Exceptions (continued)

Situation	Rule	Reference
MSME support schemes — special conditions (continued)		
Rent assistance	The shed owner must have legal ownership and possession; the unit must consume electricity; rent counts from the deed date or three months before production, whichever is later.	MSME 17
SME Exchange and CGTMSE	MSME status is judged on the listing date; GVFL may take equity. CGTMSE fee assistance is paid once a year with the interest subsidy.	MSME 14, 15
Sectors, stamp duty and interpretation		
Stamp duty reimbursement	Only on land bought or leased within the eligible investment period; paid after DoCP; not part of EFCL. For Large+ Selected Thrust units, charges paid to the State Government or GIDC qualify.	MSME 19.1; Large 4.E, 5.A
Chemicals and pharmaceuticals (Thrust)	A captive ETP or access to a CETP is a condition precedent.	Large Annexure-A
Disputed sub-sector	Decided by the Committee under para 12(a) using the HSN code and the opinion of sector experts.	Large Annexure-A
Mega and Ultra-Mega packages	A High-Power Committee chaired by the Chief Minister may sanction a customised package; it also facilitates relocation of industries from other States.	Large 13
Matters not expressly provided (Large+)	Referred to the High-Power Committee, whose decision is final and binding.	Large 13
Another State scheme	A unit may opt for this scheme or a sector-specific State scheme, not both for the same component or GFCL.	MSME 2.2, 20; Large 2.2, 15
Interpretation	Disputes go to the SLEC (MSME) or the Committee under para 12(c) (Large+); the decision is final.	MSME 24; Large 16
Breach of conditions	Incentives are recoverable as arrears of land revenue with 18% interest a year from first availment; undisbursed amounts may be forfeited (Large).	MSME 22.4; Large 18(6)

Timelines and Conditions

01.01.2026 Assets acquired and paid from here count for EFCI	01.06.2026 Schemes start; DoCP must be on or after this date	Before DoCP Large+: registration with the Industries Commissionerate	DoCP Date of the first commercial sale bill
DoCP + 3 / 6 months PEC application (Large+ 3 months; MSME 6 months)	DoCP + 12 to 48 months End of the extended investment period	+ 3 / 6 months FEC application after completion or end of the period	31.05.2031 Last date for DoCP under VGIP 2026

Eligibility certificates

	MSME	Large, Mega and Ultra - Mega
PEC	Issued for up to 40% of EFCI at DoCP; claims can start after the PEC or FEC	
PEC / FEC deadline	6 months from DoCP, project completion or end of the investment period (or 6 months from the GR, if later)	3 months from DoCP, registration certificate or the GR, whichever is later; FEC 3 months after completion or end of the period
Delayed filing	Up to 2 years late: benefit and period cut pro rata	Up to 1 year late: pro-rata cut
Absolute bar	2 years from the end of the investment period	1 year from the end of the investment period
Claims	As per the GR and guidelines	Every 3 months, in the prescribed form

Timelines and Conditions (continued)

Continuing conditions

- ✓ At least 85% of all employees, and at least 60% of managerial and supervisory staff, must be domiciled in Gujarat.
- ✓ A GPCB certificate, as applicable, must be submitted to the DIC, the MSME Commissioner or the Industries Commissioner.
- ✓ Production must continue till the end of the incentive period; a stoppage for reasons beyond the management's control may be condoned.
- ✓ Loan instalments and interest must be paid regularly; any default period is deducted from the interest subsidy period.
- ✓ For an expansion, power claims need a sub-meter, and electricity bills must be in the unit's name.
- ✓ Large units need the sanctioning authority's approval to change or add products on the existing plant.

Breach means recovery with 18% interest

Incentives disbursed are recoverable as arrears of land revenue, with interest at 18% a year from the date of first availment. Under the Large GR, undisbursed amounts may also be forfeited.

Key dates — Example 4 (Small MSME, DoCP 1 December 2027)

Milestone	Date
Assets acquired and paid count for EFCI from	1 January 2026
Date of Commercial Production (first commercial sale bill)	1 December 2027
PEC application — within six months of DoCP	by 31 May 2028
End of the extended investment period — 12 months, as plant and machinery is up to ₹50 Cr	30 November 2028
FEC application — within six months of the end of the investment period	by 31 May 2029
Last date for any FEC application — two years from the end of the investment period	30 November 2030
Benefit period — five years from DoCP	December 2027 to November 2032

Common Mistakes

The twelve errors we see most often in subsidy claims — each one can reduce the benefit or cost the claim altogether.

01	Treating total project cost as EFCI	Land, working-capital margin, pre-operative costs, capitalised interest and other exclusions typically remove 10% to 30% of the cost.
02	Including excluded costs	Second-hand machines, road vehicles, consultancy without technology, rented assets, goodwill and royalty are not EFCI.
03	Ignoring prescribed limits	The administrative building at SOR, technology up to 10% of P&M EFCI, the DG-set limits, and project infrastructure at 50% or 20%.
04	Adding up the components	Capital, interest and power are all capped by the annual and overall ceilings; the excess is lost, not carried forward.
05	Ignoring the location category	Category-A against Category-B moves the MSME ceiling by 10 points and the power subsidy from ₹2 to ₹1 a unit.
06	Ignoring the sector classification	Thrust rates apply to Large units and above only; MSMEs need a Selected Thrust sector. Mega and Ultra-Mega need a Thrust sector.
07	Missing timelines	Assets paid after the extended period, DoCP after 31.05.2031, or registration after DoCP (Large+) are all fatal.
08	Missing employment conditions	The Mega and Ultra-Mega job counts, the 85% / 60% domicile rule, and EPF only for new employees without an earlier UAN.
09	Incorrect machinery treatment	Classification uses plant and machinery across all units in India; second-hand plant is not EFCI; captive power earns no power subsidy.
10	Assuming no loan means no capital subsidy	Under the 2026 MSME GR the capital subsidy is on EFCI; self-financed projects qualify on a CA or CE certificate.
11	Misreading the interest subsidy	It is 7% a year on the term loan disbursed for EFCI, capped at 10% or 20% of EFCI over five years — not a percentage of project cost.
12	Documentation and claim issues	Late PEC or FEC, bills not in the unit's name, no sub-meter, NBFC loans, penal interest claimed, unpaid invoices.

Documents and Information Required from You

A · Entity and registration

- ☐ Constitution documents, PAN and GST registration
- ☐ Udyam, IEM, Letter of Intent, MCA21 filing or licences
- ☐ List of all units in India with their plant-and-machinery values
- ☐ Details of incentives already availed from the State and the Centre
- ☐ Proof of women-entrepreneur, start-up or first-generation status, where claimed

B · Land and location

- ☐ Title, lease or rent deed covering the incentive period, or GIDC possession letter
- ☐ Taluka and survey numbers; land share if the project spans talukas
- ☐ Stamp duty and registration receipts

C · Project and EFCI

- ☐ Project report, cost break-up and means of finance
- ☐ Fixed-asset register with vendor, invoice date, payment date and G / Y / R tag
- ☐ Invoices, bills of entry for imports and payment proofs
- ☐ Architect or CE certificate and SOR working for the administrative building
- ☐ DG-set capacity against connected load
- ☐ Technology agreements (for the 10% head)
- ☐ Project-infrastructure bills, showing inside or outside the premises
- ☐ Bank Project Completion Certificate, or CA / CE / CS certificate
- ☐ First commercial sale bill (DoCP)

D · Loan, power and people

- ☐ Term-loan sanction, disbursement statements, interest certificates and repayment record
- ☐ Electricity bills in the unit's name; sub-meter readings for an expansion
- ☐ Employee register with domicile and managerial split; EPF challans and UAN list
- ☐ GPCB consent to establish and operate
- ☐ For an expansion: capacity appraisal, three-year utilisation data and separate books

Documents and Information Required (continued)

Client data sheet — what we need to run your numbers

Item	Why it matters
Products and HSN codes	Sector test: General, Thrust or Selected Thrust
Taluka, survey numbers, land area in each taluka	Category-A or B; the largest land share decides
Plant and machinery of all existing units in India	Micro, Small, Medium or Large class
Cost break-up by head, with order, invoice and payment dates	EFCI and the eligible investment period
Term loan: lender, sanction, drawdown plan, rate and tenor	Interest subsidy (bank or FI only, not NBFC)
Connected load, expected units a year, DISCOM or open access	Power tariff component and the DG-set limit
Employment plan: total, domicile, managerial split, new UANs	85% / 60% condition, Mega / Ultra test, EPF
Expected DoCP; existing-unit data for an expansion	Scheme option, timelines and expansion tests

Week 1

Classification, taluka, sector and scheme-option memo

Weeks 2–3

EFCI model and G / Y / R tagging of assets

Before DoCP

Registration (Large+), loan and power structuring

After DoCP

PEC / FEC filing and periodic claims

SECTION 23

Subsidy Calculation Format — Worked Example

The standard format we use to work out a project's subsidy, completed for Example 3 — a ₹15 Cr ceramic wall-tile plant at Maliya (Morbi), a Small enterprise in a Category-A taluka, General sector.

Line	Item	Basis	₹ Cr
A	Total project cost	As per project report	15.00
B	Less: land and land development	Excluded from EFCI	1.20
C	Less: other excluded costs	Second-hand press, vehicles and furniture, pre-operative costs and IDC, working-capital margin	1.10
D	Less: limits applied	Administrative building at SOR; worker dormitory at 50%	0.30
E	EFCI	A – B – C – D	12.40
F	Capital subsidy	35% of E, in 5 equal instalments	4.34
G	Interest subsidy claim	7% on a ₹7.44 Cr term loan; capped at 10% of E	1.24
H	Power subsidy claim	₹2 × 40 lakh units × 5 years; capped at 25% of E	3.10
I	Total of claims	F + G + H	8.68
J	Overall ceiling	45% of E	5.58
K	Annual ceiling over 5 years	9% of E a year × 5	5.58
L	Potential benefit	Lowest of I, J and K	5.58

Potential benefit for Example 3
45% of EFCI · 37.2% of project cost

₹5.58 Cr

The capital instalment of ₹0.87 Cr a year plus interest and power claims exceed the 9% annual ceiling (₹1.12 Cr) in every year, so the benefit equals the overall ceiling of ₹5.58 Cr. The same format applies to every class; take the rates from the Master Incentive Matrix.

Policy versus GR — Reconciliation Notes

We read the Policy document and all three GRs. Where they differ, the **GR prevails**. This table records how each difference is treated in this guide.

Topic	Policy document	Operative GR — used in this guide
MSME capital subsidy — basis	Table header “Capital Subsidy on Term Loan”; Selected Thrust footnote “On term loan in case of MSMEs”	Para 5.1: capital subsidy “on their eligible fixed capital investment”; para 2.3 recognises self-finance projects. Capital subsidy is on EFCI with no loan condition. The GR prevails.
MSME interest subsidy	7% on term loan for 5 years up to 10% of EFCI	Same: “7% on Term Loan for 5 years up to 10% of EFCI” (20% for Selected Thrust). No “1% of project cost” provision; the additional 1% is only for women, start-ups and first-generation entrepreneurs.
Heavy Earth Moving Equipment	Mentions cranes and tunnel boring machines	GR Annexure-A lists excavators, bulldozers, loaders, motor graders, off-highway dump trucks, skid-steer loaders, trenchers and surface miners. The GR list is used in this guide.
Rates and ceilings (all classes)	Same figures	Consistent — the GRs add annual ceilings and absolute ₹caps that the Policy does not show.
Micro capital subsidy (Selected Thrust, Category-B)	30% of EFCI in Year 1	30% — consistent.
Stamp duty reimbursement	“Only for Ultra-Mega units”, plus Selected Thrust units	Ultra-Mega (Thrust) and all Selected Thrust units (MSME and Large+) — consistent.
SC / ST MSME entrepreneurs	Additional 5% of the overall ceiling (Dr. Babasaheb Ambedkar and Bhagwan Birsa Munda Schemes)	Not in the MSME GR; not applied in this guide.

Policy versus GR — Reconciliation Notes (continued)

Topic	Policy document	Operative GR — used in this guide
Start-up interest subsidy	Additional 1% “up to 9%”	Additional 1% for registered manufacturing start-ups within the overall ceiling (MSME GR).
Environment, R&D, housing, start-up grants	Announced with rates	Outside the three GRs; not included in the calculations.
Large-unit threshold	“Minimum investment in P&M of ₹125 Cr”	GFCI in plant and machinery higher than ₹125 Cr .
DG-set limit	—	MSME: up to 50% of load or 5 MW; Large: up to 50% of load or 25 MW, whichever is less.
Project infrastructure	—	MSME: 50% of actual; Large: 100% inside and 20% outside the premises.
Application windows	—	MSME: generally 6 months; Large+: generally 3 months.
Furniture, office equipment, software	—	Not EFCI heads under either GR — treated as not eligible.
Imported machinery	—	Eligible at capitalised cost: non-refundable customs duty included, GST with input credit excluded.
EPF, electricity duty, stamp duty and the overall ceiling	—	The overall ceiling covers capital, interest and power only; these benefits have their own limits.
Capital subsidy instalments (Small and Medium)	“Disbursed over 5 years”	Paid over five years; the examples use equal annual instalments, as the Large GR provides.

Abbreviations

ACS	Additional Chief Secretary
CA / CE / CS	Chartered Accountant / Chartered Engineer / Company Secretary
CETP	Common Effluent Treatment Plant
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprises
Cr	Crore (₹1 crore = ₹100 lakh)
DG set	Diesel generating set
DIC / GM-DIC	District Industries Centre / its General Manager
DISCOM	Electricity distribution company
DoCP	Date of Commercial Production — date of the first commercial sale bill
ECB	External Commercial Borrowing
EFCI	Eligible Fixed Capital Investment
EPF	Employees' Provident Fund
ERP	Enterprise Resource Planning
ETP	Effluent Treatment Plant
FEC	Final Eligibility Certificate
FI	Financial institution
GFCI	Gross Fixed Capital Investment
GIDC	Gujarat Industrial Development Corporation
GPCB	Gujarat Pollution Control Board

GR	Government Resolution
HPC	High - Power Committee chaired by the Chief Minister
HSN	Harmonised System of Nomenclature (product code)
ICT	Information and communication technology
IEM	Industrial Entrepreneurs' Memorandum
MLD	Million litres per day
MSE / MSME	Micro and Small / Micro, Small and Medium Enterprise
NBFC	Non - banking financial company
P&M	Plant and machinery
PCC	Project Completion Certificate (bank or FI)
PEC	Provisional Eligibility Certificate
R&B SOR	Schedule of Rates of the Roads & Buildings Department
SLEC	State Level Empowered Committee (MSME)
UAN	Universal Account Number (EPF)
VGIP 2026	Viksit Gujarat Industrial Policy 2026
ZED	Zero Defect Zero Effect certification
ZLD	Zero Liquid Discharge

Annexure — Taluka Categories

District	Category-A talukas	Category-B talukas
Ahmedabad	Dholera, Detroj - Rampura, Dhandhuka	Viramgam, Daskroi, Bavla, Dholka, Sanand, Mandal, Ahmedabad City
Amreli	Khambha, Dhari, Lilia, Savar Kundla, Babra, Kunkavav Vadia, Lathi	Jafrabad, Rajula, Bagasara, Amreli
Anand	Tarapur, Anklav, Sojitra	Anand, Umreth, Khambhat, Petlad, Borsad
Arvalli	Dhansura, Malpur	Meghraj, Bayad, Bhiloda, Modasa, Shamalaji (Bhiloda), Sathamba (Bayad)
Banas Kantha	Amirgadh, Danta, Dhanera, Kankrej, Vadgam, Dantiwada, Hadad (Danta), Ogad (Kankarej)	Deesa, Palanpur
Bharuch	Netrang	Bharuch, Jhagadia, Vagra, Anklesvar, Hansot, Valia, Jambusar, Amod
Bhavnagar	Jesar, Umralla, Vallabhipur, Gariadhar, Palitana, Talaja, Ghogha	Bhavnagar, Mahuva, Sihor
Botad	Ranpur, Gadhada, Barwala, Botad	—
Chhota Udepur	Chhota Udepur, Kavant, Nasvadi, Sankheda, Bodeli, Jetpur Pavi, Kadval (Jetpur Pavi)	—
Devbhumi Dwarka	Kalyanpur, Bhanvad	Khambhalia, Okhamandal
Dahod	Dhanpur, Sanjeli, Limkheda, Dahod, Fatepura, Jhalod, Singvad, Garbada, Devgadbaria, Sukhsar (Fatepura), Guru Govind Limbdi (Jhalod)	—
Gandhinagar	—	Kalol, Dehgam, Gandhinagar, Mansa
Gir Somnath	Gir Gadhada, Talala	Una, Kodinar, Sutrapada, Veraval
Jamnagar	Jodiya	Lalpur, Jamnagar, Jamjodhpur, Kalavad, Dhrol
Junagadh	Bhesan, Mendarda	Junagadh, Junagadh City, Visavadar, Malia Hatina, Mangrol, Vanthali, Manavadar, Keshod
Kachchh	Rapar, Nakhatrana, Lakhpat, Mandvi	Mundra, Anjar, Gandhidham, Abdasa, Bhachau, Bhuj
Kheda	Galteshwar, Matar, Vaso, Mahudha	Kheda, Nadiad, Mehmedabad, Kathlal, Thasra, Kapadvanj, Fagvel (Kathlal & Kapadvanj)

Annexure — Taluka Categories (continued)

District	Category-A talukas	Category-B talukas
Mehsana	Satlasana, Jotana, Kheralu, Becharaji, Vadnagar	Kadi, Mehsana, Unjha, Vijapur, Visnagar
Mahisagar	Khanpur, Kadana, Virpur	Lunawada, Balasinor, Santrampur, Godhar (Santrampur, Shehra), Kothamba (Lunawada)
Morbi	Maliya	Wankaner, Morbi, Tankara, Halvad
Narmada	Garudeshwar, Dediapada, Tilakwada, Sagbara, Chikda (Dediapada)	Nandod
Navsari	Khergam	Navsari, Bansda, Chikhli, Jalalpore, Gandevi
Panch Mahals	Ghoghamba, Morwa (Hada), Jambughoda, Shehera	Halol, Kalol, Godhra
Patan	Sarasvati, Santalpur, Shankheshwar, Sami, Radhanpur, Harij	Sidhpur, Chanasma, Patan
Porbandar	Kutiyana	Porbandar, Ranavav
Rajkot	Vinchhiya, Jamkandorna	Paddhari, Lodhika, Rajkot, Kotda Sangani, Jasdan, Upleta, Dhoraji, Jetpur, Gondal
Sabar Kantha	Poshina, Vijaynagar, Khedbrahma	Talod, Vadali, Idar, Prantij, Himatnagar
Surat	Umarpada, Mahuva, Ambika (Mahuva)	Mangrol, Kamrej, Palsana, Choras, Olpad, Surat City, Mandvi, Bardoli, Areth (Mandvi)
Surendranagar	Lakhtar, Chuda, Muli, Sayla, Limbdi, Dasada, Chotila	Wadhwan, Thangadh, Dhrangadhra
Tapi	Kukarmunda, Uchchhal, Nizar, Dolvan, Songadh, Ukai (Songadh)	Vyara, Valod
The Dangs	Subir, Waghai, Aahva	—
Vadodara	Sinor, Desar	Vaghodia, Karjan, Padra, Savli, Vadodara, Dabhoi
Valsad	Kaprada, Dharampur, Nanapodha (Kaprada, Vapi, Pardi)	Valsad, Pardi, Vapi, Umbergaon
Vav - Tharad	Lakhani, Suigam, Vav, Tharad, Deodar, Dharnidhar (Vav), Rah (Tharad)	Bhabhar

Transcribed from Annexure-A of GR No. IMD/HMR/e-file/9/2026/2211/I dated 08.09.2026 — totals verified: 130 Category-A and 138 Category-B talukas.

About Us and Disclaimer

IB Nathwani & Associates LLP is a firm of Chartered Accountants in Rajkot. Our team of Chartered Accountants and experienced staff provides end-to-end industrial subsidy services, from the first eligibility check to the final claim.

We have worked on Gujarat's industrial incentive schemes since the **Industrial Policy 2015**, through the **Industrial Policy 2020** and the **Aatmanirbhar Gujarat Schemes 2022**, and now the **Viksit Gujarat Industrial Policy 2026**, with sound liaison experience with **DIC offices across Gujarat**, the MSME Commissionerate and the Industries Commissionerate.

2015 Industrial Policy 2015	2020 Industrial Policy 2020	2022 Aatmanirbhar Gujarat Schemes	2026 Viksit Gujarat Industrial Policy
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Our team

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CA Premal Nathwani

Head of Technology

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Radhika Kakkad

Associate

What we do for you

- | | |
|--|--|
| ✓ Eligibility, classification and scheme-option opinion | ✓ Registration, PEC and FEC applications, CA certification |
| ✓ GFCI and EFCI computation with G / Y / R asset tagging | ✓ Claim filing, DIC follow-up and compliance tracking |
| ✓ Loan, power and component mix to reach the ceiling early | ✓ Bank loan structuring and project finance |

Disclaimer

This brochure is for general information and client education. The applicable Government Resolution shall prevail. Actual eligibility, EFCI, incentive and disbursement are subject to applicable Government provisions, documentation, verification and approval. Illustrations are hypothetical and do not constitute a guarantee of subsidy.

Prepared from the Policy and the three GRs listed on the Contents page. Position as read on 30.09.2026.



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