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Viksit Gujarat Industrial Policy 2026

Client Advisory & Incentive Comparison Handbook

Policy Period: 5 Years from 1 June 2026

Reference: Viksit Gujarat Industrial Policy 2026, Industries & Mines Department, Government of Gujarat. Prepared for internal use and client advisory by I B Nathwani & Associates LLP. Not a substitute for the operative Government Resolution.

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1 Enterprise Classification & Investment Thresholds

Classification of the unit determines which incentive rate table applies. Thrust Sectors (ceramics, chemicals, textiles, capital equipment, agro-processing and others listed in the policy) affect only Large / Mega / Ultra-Mega rates — MSME rates are common to all sectors.

Micro
Up to ₹2.50 Cr
MSME Table · Thrust N/A

Small
₹2.50 – 25 Cr
MSME Table · Thrust N/A

Medium
₹25 – 125 Cr
MSME Table · Thrust N/A

Large
≥ ₹125 Cr
Large Table · Thrust vs General

Mega
≥ ₹1,000 Cr
+250 jobs · Thrust only

Ultra-Mega
≥ ₹10,000 Cr
+3,000 jobs · Thrust only

Enhanced Thrust Sectors — Sports Goods, Toys, Footwear, Robots, Drones carry higher ceilings of 45% (Cat-B) / 50% (Cat-A) instead of standard Thrust rates. **Ceramics is NOT on this enhanced list.**

2 eFCI — Eligible Fixed Capital Investment

eFCI is the base on which Capital Subsidy, Interest Subsidy and Power Tariff Assistance are all calculated. Every rate percentage in the policy (25%, 35%, 45% etc.) is a percentage **of eFCI** — not of P&M cost alone. The overall incentive ceiling is also a percentage of eFCI.

Policy confirms:

- eFCI = Eligible Fixed Capital Investment
- All rate % and overall ceilings are expressed on eFCI

Policy does NOT define:

- Exact inclusion/exclusion list (P&M, building, land, second-hand assets)
- Valuation date / capitalisation cut-off
- Treatment of imported vs indigenous P&M, pre-operative expenses

Standard convention (subject to GR confirmation):

- **Typically included:** new P&M, essential technical civil works, production-linked building cost
- **Typically excluded:** land, working capital, pre-operative expenses, second-hand P&M, vehicles, office equipment, general admin civil works

Why this matters: Underestimating eFCI under-caps the client's total benefit. Overstating eFCI, or including ineligible heads, risks disallowance and recovery. Do not finalise cost heads or DPR until the operative GR is issued.

3 MSME vs Large Unit — At a Glance

MSME

P&M / Equipment below ₹125 Cr · rates common to all sectors

WHO QUALIFIES

Micro ≤ ₹2.50 Cr · Small > ₹2.50–25 Cr · Medium > ₹25–125 Cr

CAPITAL SUBSIDY

Cat-B 25% Cat-A 35% of eFCI · Micro lumpsum in Year 1; Small & Medium over 5 years

INTEREST SUBSIDY

7% on term loan for 5 years · capped at **10% of eFCI**

POWER TARIFF ASSISTANCE

Cat-B ₹1/unit Cat-A ₹2/unit for 5 years · capped at **25% of eFCI**

OVERALL CEILING

Cat-B 35% Cat-A 45% **of eFCI**

BENEFIT PERIOD

5 years

OTHER BENEFITS

100% EPF reimbursement (employer share) 5 yrs · 100% Electricity Duty exemption

KEY ADVANTAGE

Highest subsidy rates and ceiling in the policy; Micro capital front-loaded in Year 1; best fit for smaller capex

Large / Mega / Ultra-Mega

P&M ≥ ₹125 Cr · Thrust vs General distinction applies

WHO QUALIFIES

Large ≥ ₹125 Cr · Mega ≥ ₹1,000 Cr + 250 jobs · Ultra-Mega ≥ ₹10,000 Cr + 3,000 jobs (Mega/Ultra: Thrust only)

CAPITAL SUBSIDY

Thrust: 15% 25% over 8 yrs · General: 10% 15% over 10 yrs

INTEREST SUBSIDY

7% on term loan · Thrust cap 15% 20% · General cap 10% 15% of eFCI

POWER TARIFF ASSISTANCE

₹1/unit ₹2/unit · Thrust cap 15% 20% (8 yrs) · General cap 10% 15% (10 yrs)

OVERALL CEILING

Thrust 25% 35% **· General** 15% 20% **· Mega 30/35% · Ultra-Mega 35/40%**

BENEFIT PERIOD

Thrust 8 yrs · General & Mega 10 yrs · Ultra-Mega 12 yrs

OTHER BENEFITS

100% EPF 8–10 yrs · 100% Electricity Duty exemption · 100% Stamp Duty & Registration reimbursement (Ultra-Mega only)

KEY ADVANTAGE

Larger absolute quantum; longer tenure (8–12 yrs); Mega / Ultra-Mega ceilings for very large capex

Choose Your Incentive (both sides): the unit may freely choose any combination of Capital + Interest + Power subsidy — the chosen mix is capped at the applicable overall ceiling.

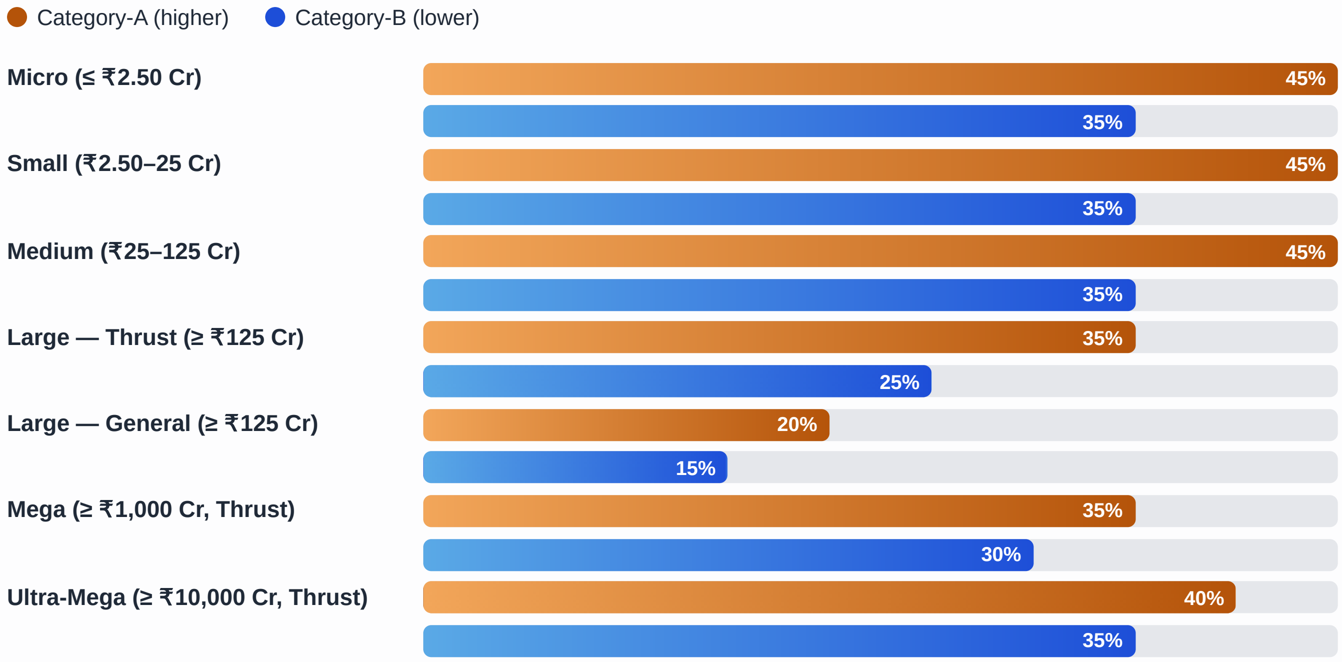
EPF cap: ₹1,800/month — male employee

₹2,500/month — female employee

₹3,000/month — specially-abled employee

4 Overall Incentive Ceiling Ladder — Every Category, Cat-A vs Cat-B

One-view comparison of the overall ceiling (% of eFCI) across every enterprise category. Category-A (less-developed / priority taluka) always carries the higher rate; the taluka list will be notified in the operative GR.



> Read: MSME brackets (all three sizes) carry the richest ceilings — 45% Cat-A / 35% Cat-B — higher than even Large-Thrust. The ceiling caps the SUM of Capital + Interest + Power combined; it is not additive on top. Mega / Ultra-Mega component-wise split is not detailed in the policy summary — refer the operative GR.

5 Category-wise Benefit Comparison — Cat-A vs Cat-B

Each panel shows the full incentive structure for one enterprise category — Category-A (left, amber) vs Category-B (right, blue). Bars are drawn to a common scale (45% = full width) so rates are visually comparable across categories. Illustrative ₹ figures assume eFCI at the top of each investment band (eFCI = P&M for illustration; real eFCI also includes eligible building / civil works, so treat ₹ figures as the minimum). Interest and Power figures are caps, not guaranteed amounts.

Micro Enterprise

P&M up to ₹2.50 Cr · Tenure 5 years · Capital subsidy paid as LUMPSUM in Year 1 · Illustration at eFCI ₹2.50 Cr

CATEGORY-A · LESS-DEVELOPED / PRIORITY TALUKA

45% Overall Ceiling (of eFCI)

≈ ₹1.125 Cr maximum total benefit

Capital Subsidy 35% — ₹0.875 Cr, lumpsum Year 1

Interest Subsidy cap 10% — up to ₹0.25 Cr (7% on term loan)

Power Tariff cap 25% — up to ₹0.625 Cr

Power rate ₹2 / unit

CATEGORY-B · RELATIVELY DEVELOPED TALUKA

35% Overall Ceiling (of eFCI)

≈ ₹0.875 Cr maximum total benefit

Capital Subsidy 25% — ₹0.625 Cr, lumpsum Year 1

Interest Subsidy cap 10% — up to ₹0.25 Cr (7% on term loan)

Power Tariff cap 25% — up to ₹0.625 Cr

Power rate ₹1 / unit

Small Enterprise

P&M > ₹2.50 Cr up to ₹25 Cr · Tenure 5 years · Capital subsidy disbursed over 5 years · Illustration at eFCI ₹25 Cr

CATEGORY-A · LESS-DEVELOPED / PRIORITY TALUKA

45% Overall Ceiling (of eFCI)

≈ ₹11.25 Cr maximum total benefit

Capital Subsidy 35% — ₹8.75 Cr over 5 years

Interest Subsidy cap 10% — up to ₹2.50 Cr (7% on term loan)

Power Tariff cap 25% — up to ₹6.25 Cr

Power rate ₹2 / unit

CATEGORY-B · RELATIVELY DEVELOPED TALUKA

35% Overall Ceiling (of eFCI)

≈ ₹8.75 Cr maximum total benefit

Capital Subsidy 25% — ₹6.25 Cr over 5 years

Interest Subsidy cap 10% — up to ₹2.50 Cr (7% on term loan)

Power Tariff cap 25% — up to ₹6.25 Cr

Power rate ₹1 / unit

Medium Enterprise

P&M > ₹25 Cr up to ₹125 Cr · Tenure 5 years · Capital subsidy disbursed over 5 years · Illustration at eFCI ₹100 Cr

CATEGORY-A · LESS-DEVELOPED / PRIORITY TALUKA

45% Overall Ceiling (of eFCI)

≈ ₹45.00 Cr maximum total benefit

Capital Subsidy 35% — ₹35.00 Cr over 5 years

Interest Subsidy cap 10% — up to ₹10.00 Cr (7% on term loan)

Power Tariff cap 25% — up to ₹25.00 Cr

Power rate ₹2 / unit

CATEGORY-B · RELATIVELY DEVELOPED TALUKA

35% Overall Ceiling (of eFCI)

≈ ₹35.00 Cr maximum total benefit

Capital Subsidy 25% — ₹25.00 Cr over 5 years

Interest Subsidy cap 10% — up to ₹10.00 Cr (7% on term loan)

Power Tariff cap 25% — up to ₹25.00 Cr

Power rate ₹1 / unit

Large Unit — Thrust Sector

P&M ≥ ₹125 Cr · Tenure 8 years · e.g. ceramics, chemicals, textiles · Illustration at eFCI ₹125 Cr

CATEGORY-A · LESS-DEVELOPED / PRIORITY TALUKA

35% Overall Ceiling (of eFCI)

≈ ₹43.75 Cr maximum total benefit

Capital Subsidy 25% — ₹31.25 Cr over 8 years

Interest Subsidy cap 20% — up to ₹25.00 Cr (7% on term loan)

Power Tariff cap 20% — up to ₹25.00 Cr

Power rate ₹2 / unit

CATEGORY-B · RELATIVELY DEVELOPED TALUKA

25% Overall Ceiling (of eFCI)

≈ ₹31.25 Cr maximum total benefit

Capital Subsidy 15% — ₹18.75 Cr over 8 years

Interest Subsidy cap 15% — up to ₹18.75 Cr (7% on term loan)

Power Tariff cap 15% — up to ₹18.75 Cr

Power rate ₹1 / unit

Large Unit — General Sector

P&M ≥ ₹125 Cr · Tenure 10 years · sectors not on the Thrust list · Illustration at eFCI ₹125 Cr

CATEGORY-A · LESS-DEVELOPED / PRIORITY TALUKA

20% Overall Ceiling (of eFCI)

≈ ₹25.00 Cr maximum total benefit

Capital Subsidy 15% — ₹18.75 Cr over 10 years

Interest Subsidy cap 15% — up to ₹18.75 Cr (7% on term loan)

Power Tariff cap 15% — up to ₹18.75 Cr

Power rate ₹2 / unit

CATEGORY-B · RELATIVELY DEVELOPED TALUKA

15% Overall Ceiling (of eFCI)

≈ ₹18.75 Cr maximum total benefit

Capital Subsidy 10% — ₹12.50 Cr over 10 years

Interest Subsidy cap 10% — up to ₹12.50 Cr (7% on term loan)

Power Tariff cap 10% — up to ₹12.50 Cr

Power rate ₹1 / unit

How to read the panels:

- All three MSME sizes (Micro, Small, Medium) share the same rate structure — only the Micro capital subsidy is front-loaded as a Year-1 lumpsum. The MSME ceiling (45% Cat-A / 35% Cat-B) is the richest in the policy.
- Crossing ₹125 Cr P&M moves the unit from the MSME panel to a Large panel — the ceiling percentage **drops** (45% → 35% Cat-A Thrust), even though absolute investment is higher. See Advisor's Flags.
- Within every category, Cat-A beats Cat-B on capital rate, power rate and ceiling; interest and power caps also widen for Large units in Cat-A.
- Cross-cutting for all categories: 100% Electricity Duty exemption; 100% EPF reimbursement (tenure varies); free choice of Capital + Interest + Power mix within the ceiling.

6 Other Relevant Provisions

Enhanced Thrust Sectors
Sports Goods, Toys, Footwear, Robots, Drones — ceiling raised to 45% (Cat-B) / 50% (Cat-A). Ceramics excluded.

SC / ST & Divyang MSMEs
Additional 5% of overall incentive ceiling (Dr. Babasaheb Ambedkar & Bhagwan Birsa Munda Schemes).

Women Entrepreneurs
Additional 1% interest subsidy (all tiers) + 75% rental assistance up to ₹3 lakh/year for 5 years.

Ultra-Mega Only
100% Stamp Duty & Registration Fee reimbursement.

R&D Centres
50% CAPEX support for first 5 centres (min ₹300 Cr); 25% for others (min ₹100 Cr); plus OPEX power tariff support ₹1/unit.

Private Industrial Parks
Separate incentive package for park developers and occupant units.

Project THRIVE
Relocation package for units moving from urban peripheries to designated estates/parks — transfer fee / FSI / ground coverage relaxation, wage support, worker housing.

7 Items To Be Confirmed From The Operative GR

This handbook summarises the vision policy. Do **not** commit binding investment decisions until the GR is issued and the following are confirmed:

- Exact eFCI inclusion / exclusion list
- Notified Category-A / Category-B taluka list
- Date of Commercial Production (DoCP) definition & cut-off
- Investment timelines (application → sanction → DoCP)
- Approval / sanction workflow & authority
- Claim procedure, formats, audit certification requirements
- Documents required at each stage
- Compliance / reporting during benefit tenure
- Withdrawal, recovery, clawback provisions
- Overlap rules with Central schemes (PLI, SIDBI, MSME-CGT) & definition of 'new investment' / expansion

Advisor's Flags — Read Before Finalising Client Advice

- eFCI = P&M is an illustrative assumption only. Real eFCI includes eligible building/civil works — final client proposals should scale up proportionately. Always obtain the client's estimated eFCI, not just P&M.

- Overall Ceiling caps the SUM of Capital + Interest + Power — not additive. Client can mix freely but cannot cross the ceiling in aggregate.

- Interest and Power Tariff figures are MAXIMUM caps, not guaranteed amounts — actual claim depends on term loan sanctioned / power consumption.

- **Boundary risk at ₹125 Cr:** crossing this line drops the unit into the lower Large-unit bracket (Cat-A ceiling falls from 45% to 35% even for Thrust). A Cat-A Large unit needs ~₹129 Cr eFCI just to match a ₹100 Cr Medium MSME's ₹45 Cr ceiling. Advise clients to stay well within MSME or scale meaningfully beyond ₹125 Cr.

- Taluka categorisation is NOT in the policy summary. Morbi, Rajkot, Ahmedabad, Vadodara, Surat are almost certainly Category-B or outside the incentive taluka list. **Do not commit Cat-A benefits without confirming the taluka is on the notified Cat-A list in the GR.**

- Location trade-off: Cat-A offers higher subsidy but usually lacks industrial ecosystem (raw material, labour, logistics, power infra). For established hubs like ceramics (Morbi) or chemicals (Ankleshwar/Vapi), ecosystem gain typically outweighs the subsidy gap. Advise on total project economics, not subsidy alone.

- Ceramics is Thrust but NOT on the enhanced 45%/50% list. Do not promise enhanced rates to ceramic clients.

- EPF cap, Stamp Duty (Ultra-Mega only), SC/ST additional 5%, women entrepreneur additional 1% are OVER AND ABOVE the main three-component ceiling — can materially improve payout for eligible clients.

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