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GOVERNMENT OF KERALA**Abstract**

Industries Department - Scheme for providing Start up subsidy for creation of new employment opportunities - Reimbursement of ESI & EPF contribution by the employer - Administrative sanction for revised guidelines accorded - Orders issued

INDUSTRIES (B) DEPARTMENT

GO.(MS) No.40/2018/ID

Dated,Thiruvananthapuram, 18.05.2018

Read: 1 GO (Ms) No. 15/2018/ID dated 08/03/2018

- 2 Letter No. PMP1/5208/2018 dated 11/04/2018 from the Director of Industries and Commerce
- 3 Minutes of Departmental Working Group held on 20/04/2018

ORDER

Vide Government order read as first paper above, Administrative Sanction was accorded for "Scheme for reimbursement of ESI & EPF contribution by the employer for creation of employment opportunities in MSMEs sector on or after 01.04.2017 for an amount of Rs. 100.00 Lakh subject to the condition that the incentive amount shall be capped at Rs. 10,000.00/- per unit and a minimum of 5 number of employees per unit who are not eligible for any other subsidy or grant from Government or any other Government agencies as mentioned in Plan write up 2017-18.

An amount of Rs.110.00 lakh is provided in the FY 2018-19 under the Head of Accountant 2851-00-102-41 for implementing the Scheme, "**Start up subsidy for creating employment opportunities**". The modified version of the Scheme envisages reimbursement of statutory contributions towards employees for new employments created in MSMEs based on clear cut guidelines. Therefore, vide the letter read as second paper above, the Director of Industries and Commerce has furnished revised guidelines in tune with plan write-up for 2018-19 of the scheme for approval and according Administrative Sanction for the modified Scheme.

Vide the paper read as third paper above,the Departmental Working Group meeting held on 20.04.2018 considered the proposal and recommended the same.

In the circumstances, Government have examined the matter in detail and are pleased to accord Administrative Sanction for implementing the Scheme- "**Start - up subsidy for creating employment opportunities** " for an outlay of Rs. 110.00 Lakh by debiting the amount under the Head of Accountant 2851-00-102-41 (P). The assistance will be considered as an incentive spread over a period of 3 years helping both entrepreneurs as well as employees.

The fund allotted for the project shall not be utilised for post creation and hiring of temporary staff.

3
21/5/18
DB

The Director of Industries and Commerce will draw and disburse the amount in due course of time.

The revised guidelines are appended.

By order of the Governor
SANJAY M KAUL
SECRETARY

To:- The Director of Industries and Commerce, Thiruvananthapuram.
The Principal Accountant General (Audit), Kerala, Thiruvananthapuram.
The Accountant General (A&E), Kerala, Thiruvananthapuram.
The District Treasury Officer, Thiruvananthapuram.
All General Managers, District Industries Centre, (Through Director of Industries and Commerce)
The Finance Department
The Planning and Economic Affairs Department
The Industries(J) Department
The Information & Public Relations(Web and New media) Department
Stock File/Office Copy.

Forwarded/By order

Endorsement No FC₃ 18638/B dtd 22/5/18


Section officer

Copy communicated to all
Gms for information and necessary action


for D.I.C

Scheme for Reimbursement of ESI & EPF Contribution by the Employer for Creating New Employment in MSMEs.

1.0 Introduction:

The Mission of the Industries Department for the 13th Plan period is economic development through enterprise creation and consequent employment generation. The Department is taking steps for developing entrepreneurial culture among educated youth so that they can become job creators than job seekers. Thus there is an increased focus on employment creation. The department is implementing ESS flagship scheme for providing fiscal support to enterprises. But this is limited to manufacturing units. A new scheme has been prepared for the nano and household sector in the form of interest subvention for three years. This scheme applies to both manufacturing and units engaged in job work but will not be applicable to cases where any other assistance from Government of India or Government of Kerala is availed.

It is in this background that a new scheme is being proposed for reimbursing the ESI and EPF contribution of employers for new employment created on or after 1.4.2017 for a period of three years. Thus this scheme is an incentive for the employers for their efforts to bring the employees under ESI and EPF cover thus ensuring social security for the employees.

2.0 Objectives:

1. The scheme aims at reimbursing the ESI and EPF contributions of the employer in respect of new employment created on or after 1.4.2017 from the levels of employment as on 31.03.2017 for a period of three years.
2. The scheme aims at providing assistance for Micro, Small and Medium enterprises including the start up firms and enthrages them to enroll the workers under ES) and EPF thus ensuring their social security
3. The scheme helps to create a better employer-employee relationship;

3.0 Entitlement of a successful applicant:

1. The entitlement under the scheme is the reimbursement of 75% of ESI & EPF contribution of employers made on behalf of new employees in excess of the levels of employment as on 31.03.2017 which shall be paid for three years, subject to a maximum of Rs. 10,000/- per person per year and Rs.1,00,000/- per unit per year.
2. This is applicable only to Micro, Small and Medium category units both in manufacturing and service sector who have filed EM Part II/Udyog Aadhaar Registration and have provided employment to at least 5 persons excluding the promoters. There will be no upper limit for the number of employees getting the benefit.
3. The legal entity can be a Micro, Small or Medium unit with any constitution.
4. Units undertaking activities specified in the negative list, as given in the annexure VI, shall not be eligible for this benefit.

4.0 Powers of and Service Offered by the Sanctioning Authority.

1. The power to sanction assistance under the scheme shall be vested with General Manager, District Industries Centre. The assistance is by way of reimbursement of 75% of ESI and EPF contributions made by the employer for new employment on or after 1.4.2017, for a period of three years.
2. The basic documents required for determining the assistance is ESI and EPF statements duly authenticated by competent authorities.,
3. The application for assistance duly submitted in the appended format along with all the supporting documents should be scrutinized by the Assistant District Industries Officer at the District Industries Centre and further vetted and recommended by the Manager (Credit). The ESI and EPF documents should be get verified with the ESI and EPF office concerned.

4. The Industries Extension Officer concerned or Assistant District Industries Officer at Taluk Industries office shall render all possible assistance in forwarding the application to the General Manager, District Industries Centre in case the applications are submitted through the IEO or Assistant District Industries Officer at Taluk Industries office.
5. Strict timelines should be adhered to while processing and recommending the applications. In any case the applications received should be processed and sanctioned within 30 working days, the defective applications should be returned for correction within two working days of receipt of application. The application not eligible for assistance shall be rejected citing valid reasons for rejection within 10 working days of accepting the application.

5.0 Obligations to the Applicant Units.

1. The applicant shall provide all the required details in the given format along with all supporting documents.
2. The applicant shall certify that all the information given is true and in the event of false declaration, the benefit shall be refunded with interest @14% per annum.
3. The applicant unit shall certify that the number of workers for whom the benefit was given will be maintained for a minimum period of five years and that the unit would make the employers contribution in respect of these employees towards ESI and EPF during this period.
4. The applicant unit shall provide any details/documents deemed necessary to process the application at any stage of processing the application.

6.0 General Provisions.

1. The employees whose claims are preferred shall be working in the enterprise as on the date of application and should have completed a minimum of one year continuous service with the entity.
2. Only those cases whose monthly salary is disbursed through Bank account transfer, DD or Cheque are eligible for assistance.
3. The GM, DIC should satisfy himself about the fact that the salary as stated has been credited to the bank account of the employee and a certificate is obtained to that effect.

7.0 Fund

The funds for the scheme will be sourced from the head of Account -2851-00-102-41(P) in which Rs 110 lakhs has been ear marked for the year 2018-19.

8.0 Appeals

The Directorate of Industries & Commerce is competent to dispose the appeals, if any in the prescribed proforma within 30 days from the date of issue of orders of General Manager, District Industries Centre as the case may be. No appeal after this period is entertained. The decision of appellate authority shall be final.

9.0 List of Documents to be submitted along with the application

- (i) Application along with the declaration duly signed by the applicant in Annexure I
- (ii) Copy of Photo Identity Proof of the Promoter/Promoters
- (iii) Copy of Photo Identity Proof of the employees claimed
- (iv) Copy of EM part II/Udyog Aadhaar Registration
- (v) Self attested copy of partnership deed/Memorandum and Articles of Association/Bye-laws in case of units other than proprietary
- (vi) Self attested copy of registration certificate from Registrar of Company/Firm/Society of units other than proprietary
- (vii) Self Attested copy of resolution towards applying for this assistance in case of units other than proprietary
- (viii) Recommendation of ESI/EPF Authorities in Annexure II
- (ix) Certificate from financial institution stating the payment of salary of the employees claimed in Annexure III

10.0 List of Annexure

- I – Format of Application
- II - Recommendation /Approved statement from ESIC/EPF Authorities as the case may be.
- III – Format of Certificate from Financial Institution
- IV – Format of Proceedings to sanction the Startup Subsidy
- V – Format of the Agreement for Startup Subsidy
- VI - Negative List
- VII – Format for Appeal

Annexure I

**Application for reimbursement of ESI & EPF Contribution by the Employer for creating
New employment in MSMEs**

1 Name and address of the applicant

2 Contact Number

3 Name of Enterprise

4 Address of the Enterprise

5 Udyog Aadhaar/ EM part II No.

6 Whether manufacturing/ Service

7 Constitution of the Unit
(Proprietary/Partnership/Company/
Society/Others)

8 Date of Commencement of the Unit

9 Activity/Products manufacturing

10 Annual turnover as on 31.03.2018
(Rs in Lakhs)

11 GST No (If any)

12 Details of Investment (Rs in Lakhs)

i Plant & Machinery

ii Other fixed assets

iii Electrification

iv Essential office equipments

Total

13 Total No. of employees in the unit
as on 31.3.17

14 Name and address of Financial
Institution from which salary of
employees are credited

15 Number of New employment on or
after 01.04.2017

16 Salary Details of New Employment on or after 01.04.2017

Name of Employee	Category of the Employee	Date of Admission	Amount of monthly salary paid (Rs)	Mode of Payment (Transfer/DD/Cheque)	Name of Bank
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Annexure II

Recommendation of the ESI/EPF Authorities

This is to certify that an amount of Rs...../- has been remitted to the ESI/EPF Account of Who is the employee of M/s..... bytowards employer contribution to the contributory Fund of ESI/EPF for the period fromto

(Seal)

Date:

Place:

Regional Director/Joint Director/
Chief Executive Officer

Annexure III

CERTIFICATE OF FINANCIAL INSTITUTION/BANK

We hereby certify that M/s..... have employed the following persons and also certify that salary/wages for them up to date have been paid.

Sl. No	Name of Employee	Amount of Monthly Salary paid	Mode of Payment (online transfer/ DD/Cheque)	Account Number of the Employee	Period for Which paid

We have verified the records and certify that the aforesaid information is true.

Date:

Place: **Financial Institution**

Annexure IV

Proceedings of the General Manager, District Industries Centre,

(Present:)

No. Dated:

Sub: Start up Subsidy for creation of employment opportunities – sanctioned – orders issued – reg.

Ref: 1. G.O (MS) No. Dated

2. Application of Sri/Smt. of M/s

Dated.....

ORDER

Sri/Smtof M/s..... a MSME unit bearing Udyog Aadhar Registration / EM Part II Acknowledgment No..... dated for the production ofhas applied for Startup Subsidy for creation of employment opportunities of Rs. (Rupees.....only) as per the reference second cited above.

The application has been scrutinized and found to satisfy the conditions laid down in the reference first cited above. The unit is found eligible for a Startup Subsidy of Rs. (RupeesOnly)

In these circumstances sanction is hereby accorded for payment of Rs. (Rupees only) as Startup Subsidy subject to the following conditions.

1. Startup Subsidy to an Industrial unit is liable to be refunded by the unit with interest @ 14% per annum from the date of receipt of the same, on issue of registered demand notice to the unit by the General Manager, District Industries Centre on grounds of obtaining subsidy by mis-representation, forgery or deception. All amounts due to Government under this provision shall, in case of default, be recoverable as if they are arrears of land revenue under the provisions of the Revenue Recovery Act or in such other manner as Government may deem fit.
2. The applicant unit shall execute an agreement in the prescribed form agreeing to the above conditions within 30 days of receipt of this order, failing which it shall be taken that the unit is not interested in availing subsidy and the case closed automatically.
3. Any officer authorized by the Director of Industries/General manager, District Industries Centre shall have powers to call for, inspect or examine at all reasonable time any asset, properties or books of accounts in respect of the applicant's concern and the unit shall arrange for the same

The administrative Assistant, District Industries Centre is authorized to draw the sanctioned amount and to credit it to the account of the applicant in the after agreement has been produced, duly executed.

The expenditure will be met from the head of account subject to availability of funds.

**General Manager
Annexure -V**

Form of Agreement for Startup subsidy

(to be executed by the applicant unit in stamp paper of Rs. 200/-)

THIS AGREEMENT is executed on this the day of Two thousand
..... between Sri/Smt.

.....(Here enter address) M/s
No. dated and having its Registered office at (Door No
and Address)(here in after call 'the grantee') in favour of
the Governor of Kerala (here in after called the 'Government')

WHEREAS the above unit has applied for the Startup subsidy under Scheme for providing Startup
Subsidy for creation of New Employment Opportunities before Government.

AND WHEREAS on the unit's request and as per order No of the General
Manager, District Industries Centre(here in after
called the 'letter of sanction' which shall form part of this deed as if incorporated herein) the
Government have agreed to sanction an amount of Rs. (Rupees
..... only) (the receipt of which the grantee hereby admits and
acknowledges) subject to the conditions contained in the letter of sanction and also subject to the
terms and conditions herein after appearing.

NOW THEREFORE THIS DEED WITNESSETH AS FOLLOWS:

1. The grantee shall perform all the terms and conditions contained in the letter of sanction and the said rules and those conditions which are applicable to the grantee according to the provisions of Kerala financial Code or such other rules as may be framed hereafter in substitution for or in addition to the said code.
2. The grantee shall assure the number of workers for whom the benefit was given and will be maintained for a minimum period of five years and that the unit would make the employer's contribution in respect of these employees towards ESI and EPF during this period.
3. The grantee shall refund the entire subsidy amount with interest @ 14% per annum from the date of receipt of the same, on issue of registered demand notice to the unit by the General Manager, District Industries Centre on grounds of obtaining subsidy by mis-representation, forgery or deception. All amounts due to Government under this provision shall, in case of default, be recoverable as if they are arrears of land revenue under the provisions of the Revenue Recovery Act or in such other manner as Government may deem fit.
4. The executants here of on behalf of the grantee hereby declare that they have full power and authority to execute this deed as per resolution dated

IN WITNESS WHERE OF grantee have here
unto set his/her hand on the day, month and year first above written.

Signed by.....
In the presence of witnesses:

- 1)
- 2)

NEGATIVE LIST*

Annexure VI

Negative list - List of units which are ineligible for any financial assistance/loan/exemption/subsidy from the state Government.

1. Photo Studios and Colour Processing Centres.
2. Breweries and Distilleries of all types

3. Saw mills
4. Soap Grade Sodium Silicate
5. Asbestos processing except units in respect of which the quantum of asbestos used in the production process is less than 25% and environmental and occupational health hazards have been taken care of to the satisfaction of authorities concerned
6. Metal Crushers including Granite Manufacturing units
7. All types of Steel Re-rolling mills, Units manufacturing iron ingots
8. Calcium Carbide
9. Cement manufacturing except units manufacturing cement from fly ash
10. Potassium Chlorate
11. Cashew industrial units
12. Power intensive units based on electro thermal/electro chemical Processor units where total power requirement exceeds 5000 KVA of contract load or where the cost of power is more than 33% of cost of production of the items manufactured except where the units generate their power requirement in excess of 5000 KVA of contract load by own captive power.

*As amended from time to time

ANNEXURE - VII

Form of Appeal

(Affix Court Fee Stamp worth ₹Rs10/-)
(See Para 8)

1. Name of Applicant :
2. Name and Address of the unit :
3. Number and Date of Udyog Aadhaar Registration :
4. Number and Date of the Order appealed against :
5. Ground of appeal (Use Separate Sheet if necessary) :

Appellant:

Signature:

Place:

Date: