Chapter-III

Regulatory Framework and Policy Perspective for Industrial Growth

3.1 Introduction

The Industrial Policy plan of a country is its official strategic effort to encourage the development and growth of the manufacturing sector of the economy. The government takes measures “aimed at improving the competitiveness and capabilities of domestic firms and promoting structural transformation. A country’s infrastructure (transportation, telecommunications and energy industry) is a major part of the manufacturing sector that usually has a key role in Industrial Policy. It is also the case that industries fail dismally to add to such a growing body of manufacturing industries.

Industrial policies are sector specific, unlike broader macroeconomic policies. They are often considered to be interventionist as opposed to laissez-faire economics. Examples of horizontal, economy-wide policies are tightening credit or taxing capital gain, while examples of vertical, sector-specific policies comprise protecting textiles from imports or subsidizing export industries. Free market advocates consider industrial policies as interventionist measures typical of mixed economy countries.

Many types of industrial policies contain common elements with other types of interventionist practices such as trade policy and fiscal policy. An example of a typical industrial policy is import-substitution-industrialization (ISI), where trade barriers are temporarily imposed on some key sectors, such as manufacturing. By selectively protecting certain industries, these industries are given time to learn (learning by doing) and upgrade. Once competitive enough, these restrictions are lifted to expose the selected industries to the international market.

The traditional arguments for industrial policies go back as far as the 18th century. Prominent early arguments in favour of selective protection of
industries were contained in the 1791 Report on the Subject of Manufactures of US economist and politician Alexander Hamilton, as well as the work of German economist Friedrich List. List's views on free trade were in explicit contradiction to those of Adam Smith, who, in The Wealth of Nations, said that "the most advantageous method in which a landed nation can raise up artificers, manufacturers, and merchants of its own is to grant the most perfect freedom of trade to the artificers, manufacturers, and merchants of all other nations." The arguments of List and others were subsequently picked up by scholars of early development economics such as Albert Hirschman and Alexander Gerschenkron, who called for the selective promotion of key sectors in overcoming economic backwardness.

3.2 Industrial Policy In India Since 1956

When India achieved Independence in 1947, the national consensus was in favour of rapid industrialization of the economy which was seen not only as the key to economic development but also to economic sovereignty. In the subsequent years, India's Industrial Policy evolved through successive Industrial Policy Resolutions and Industrial Policy Statements. Specific priorities for industrial development were also laid down in the successive Five Year Plans.

Building on the so-called "Bombay Plan" in the pre-Independence era, the first Industrial Policy Resolution announced in 1948 laid down broad contours of the strategy of industrial development. At that time the Constitution of India had not taken final shape nor was the Planning Commission constituted. Moreover, the necessary legal framework was also not put in place. Not surprisingly therefore, the Resolution was somewhat broad in its scope and direction. Yet, an important distinction was made among industries to be kept under the exclusive ownership of Government i.e., the public sector, those reserved for private sector and the joint sector. Subsequently, the Indian Constitution was adopted in January 1950, the Planning Commission was constituted in March 1950 and the Industrial (Department and Regulation) Act (IDR Act) was enacted in 1951 with the objective of empowering the Government to take necessary
steps to regulate the pattern of industrial development through licensing. This paved the way for the Industrial Policy Resolution of 1956, which was the first comprehensive statement on the strategy for industrial development in India.

3.2.1 Industrial Policy Resolution 1956

The Industrial Policy Resolution - 1956 was shaped by the Mahalanobis Model of growth, which suggested that emphasis on heavy industries would lead the economy towards a long term higher growth path. The Resolution widened the scope of the public sector. The objective was to accelerate economic growth and boost the process of industrialization as a means to achieving a socialist pattern of society. Given the scarce capital and inadequate entrepreneurial base, the Resolution accorded a predominant role to the State to assume direct responsibility for industrial development. All industries of basic and strategic importance and those in the nature of public utility services besides those requiring large scale investments were reserved for the public sector.

The Industrial Policy Resolution - 1956 classified industries into three categories. The first category comprised 17 industries (included in Schedule A of the Resolution) exclusively under the domain of the Government. These included *inter alia*, railways, air transport, arms and ammunition, iron and steel and atomic energy. The second category comprised 12 industries (included in Schedule B of the Resolution), which were envisaged to be progressively State owned but private sector was expected to supplement the efforts of the State. The third category contained all the remaining industries and it was expected that private sector would initiate development of these industries but they would remain open for the State as well. It was envisaged that the State would facilitate and encourage development of these industries in the private sector, in accordance with the programmes formulated under the Five Year Plans, by appropriate fiscal measures and ensuring adequate infrastructure. Despite the demarcation of industries into separate categories, the
Resolution was flexible enough to allow the required adjustments and modifications in the national interest.

Another objective spelt out in the Industrial Policy Resolution - 1956 was the removal of regional disparities through development of regions with low industrial base. Accordingly, adequate infrastructure for industrial development of such regions was duly emphasized. Given the potential to provide large-scale employment, the Resolution reiterated the Government’s determination to provide all sorts of assistance to small and cottage industries for wider dispersal of the industrial base and more equitable distribution of income. The Resolution, in fact, reflected the prevalent value system of India in the early 1950s, which was centered around self sufficiency in industrial production. The Industrial Policy Resolution – 1956 was a landmark policy statement and it formed the basis of subsequent policy announcements.

3.2.2 Industrial Policy Measures in the 1960s and 1970s

Monopolies Inquiry Commission (MIC) was set up in 1964 to review various aspects pertaining to concentration of economic power and operations of industrial licensing under the IDR Act, 1951. While emphasizing that the planned economy contributed to the growth of industry, the Report by MIC concluded that the industrial licensing system enabled big business houses to obtain disproportionately large share of licenses which had led to pre-emption and foreclosure of capacity. Subsequently, the Industrial Licensing Policy Inquiry Committee (Dutt Committee), constituted in 1967, recommended that larger industrial houses should be given licenses only for setting up industry in core and heavy investment sectors, thereby necessitating reorientation of industrial licensing policy.

In 1969, the monopolies and restrictive Trade Practices (MRTP) Act was introduced to enable the Government to effectively control concentration of economic power. The Dutt Committee had defined large business houses as those with assets of more than Rs.350 million. The MRTP Act, 1969 defined large business houses as those with assets of Rs. 200 million and above. Large industries were designated as MRTP
companies and were eligible to participate in industries that were not reserved for the Government or the Small scale sector.

The new Industrial Licensing Policy of 1970 classified industries into four categories. First category, termed as ‘Core Sector’, consisted of basic, critical and strategic industries. Second category termed as ‘Heavy Investment Sector’, comprised projects involving investment of more than Rs.50 million. The third category, the ‘Middle Sector’ consisted of projects with investment in the range of Rs.10 million to Rs.50 million. The fourth category was ‘De-licensed Sector’, in which investment was less than Rs.10 million and was exempted from licensing requirements. The industrial licensing policy of 1970 confined the role of large business houses and foreign companies to the core, heavy and export oriented sectors.

3.2.3 The Industrial Policy Statement - 1973

With a view to prevent excessive concentration of industrial activity in the large industrial houses, this Statement gave preference to small and medium entrepreneurs over the large houses and foreign companies in setting up of new capacity particularly in the production of mass consumption goods. New undertakings of up to Rs.10 million by way of fixed assets were exempted from licensing requirements for substantial expansion of assets. This exemption was not allowed to MRTP companies, foreign companies and existing licensed or registered undertakings having fixed assets of Rs.50 million and above.

3.2.4 The Industrial Policy Statement -1977

This Statement emphasized decentralization of industrial sector with increased role for small scale, tiny and cottage industries. It also provided for close interaction between industrial and agricultural sectors. Highest priority was accorded to power generation and transmission. It expanded the list of items reserved for exclusive production in the small scale sector from 180 to more than 500. For the first time, within the small scale sector, a tiny unit was defined as a unit with investment in machinery and
equipment up to Rs.0.1 million and situated in towns or villages with a population of less than 50,000 (as per 1971 census). Basic goods, capital goods, high technology industries important for development of small scale and agriculture sectors were clearly delineated for large scale sector. It was also stated that foreign companies that diluted their foreign equity up to 40 per cent under Foreign Exchange Regulation Act (FERA) 1973 were to be treated at par with the Indian companies. The Policy Statement of 1977 also issued a list of industries where no foreign collaboration of financial or technical nature was allowed as indigenous technology was already available. Fully owned foreign companies were allowed only in highly export oriented sectors or sophisticated technology areas. For all approved foreign investments, companies were completely free to repatriate capital and remit profits, dividends, royalties, etc. Further, in order to ensure balanced regional development, it was decided not to issue fresh licenses for setting up new industrial units within certain limits of large metropolitan cities (more than 1 million population) and urban areas (more than 0.5 million population).

3.2.5 Industrial Policy Statement -1980

The industrial Policy Statement of 1980 placed accent on promotion of competition in the domestic market, technological upgradation and modernization of industries. Some of the socio-economic objectives spelt out in the Statement were i) optimum utilisation of installed capacity, ii) higher productivity, iii) higher employment levels, iv) removal of regional disparities, v) strengthening of agricultural base, vi) promotion of export oriented industries and vi) consumer protection against high prices and poor quality.

Policy measures were announced to revive the efficiency of public sector undertakings (PSUs) by developing the management cadres in functional fields viz., operations, finance, marketing and information system. An automatic expansion of capacity up to five per cent per annum was allowed, particularly in the core sector and in industries with long-term
export potential. Special incentives were granted to industrial units which were engaged in industrial processes and technologies aiming at optimum utilization of energy and the exploitation of alternative sources of energy. In order to boost the development of small scale industries, the investment limit was raised to Rs.2 million in small scale units and Rs.2.5 million in ancillary units. In the case of tiny units, investment limit was raised to Rs.0.2 million.

3.2.6 Industrial Policy Measures during the 1980s

Policy measures initiated in the first three decades since Independence facilitated the establishment of basic industries and building up of a broad- based infrastructure in the country. The Seventh Five Year Plan (1985-1990), recognized the need for consolidation of these strengths and initiating policy measures to prepare the Indian industry to respond effectively to emerging challenges. A number of measures were initiated towards technological and managerial modernization to improve productivity, quality and to reduce cost of production. The public sector was freed from a number of constraints and was provided with greater autonomy. There was some progress in the process of deregulation during the 1980s. In 1988, all industries, excepting 26 industries specified in the negative list, were exempted from licensing. The exemption was, however, subject to investment and locational limitations. The automotive industry, cement, cotton spinning, food processing and polyester filament yarn industries witnessed modernization and expanded scales of production during the 1980s.

With a view to promote industrialization of backward areas in the country, the Government of India announced in June, 1988 the Growth Centre Scheme under which 71 Growth Centers were proposed to be set up throughout the country. Growth centers were to be endowed with basic infrastructure facilities such as power, water, telecommunications and banking to enable them to attract industries.

3.2.7 Industrial Policy Statement- 1991
The Industrial Policy Statement of 1991 stated that “the Government will continue to pursue a sound policy framework encompassing encouragement of entrepreneurship, development of indigenous technology through investment in research and development, bringing in new technology, dismantling of the regulatory system, development of the capital markets and increased competitiveness for the benefit of common man”. It further added that "the spread of industrialization to backward areas of the country will be actively promoted through appropriate incentives, institutions and infrastructure investments”.

The objective of the Industrial Policy Statement - 1991 was to maintain sustained growth in productivity, enhance gainful employment and achieve optimal utilization of human resources, to attain international competitiveness, and to transform India into a major partner and player in the global arena. Quite clearly, the focus of the policy was to unshackle the Indian industry from bureaucratic controls. This called for a number of far-reaching reforms:

A substantial modification of Industry Licencing Policy was deemed necessary with a view to ease restraints on capacity creation, respond to emerging domestic and global opportunities by improving productivity. Accordingly, the Policy Statement included abolition of industrial licensing for most industries, barring a handful of industries for reasons of security and strategic concerns, social and environmental issues. Compulsory licensing was required only in respect of 18 industries. These included, inter alia, coal and lignite, distillation and brewing of alcoholic drinks, cigars and cigarettes, drugs and pharmaceuticals, white goods, hazardous chemicals. The small scale sector continued to be reserved. Norms for setting up industries (except for industries subject to compulsory licensing) in cities with more than one million population were further liberalised.

Recognising the complementarily of domestic and foreign investment, foreign direct investment was accorded a significant role in policy announcements of 1991. Foreign direct investment (FDI) up to 51 per cent foreign equity in high priority industries requiring large investments and
advanced technology was permitted. Foreign equity up to 51 per cent was also allowed in trading companies primarily engaged in export activities. These important initiatives were expected to provide a boost to investment besides enabling access to high technology and marketing expertise of foreign companies.

With a view to inject technological dynamism in the Indian industry, the Government provided automatic approval for technological agreements related to high priority industries and eased procedures for hiring of foreign technical expertise.

Major initiatives towards restructuring of public sector units (PSUs) were initiated, in view of their low productivity, over staffing, lack of technological upgradation and low rate of return. In order to raise resources and ensure wider public participation PSUs, it was decided to offer its shareholding stake to mutual funds, financial institutions, general public and workers. Similarly, in order to revive and rehabilitate chronically sick PSUs, it was decided to refer them to the Board for Industrial and Financial Reconstruction (BIFR). The Policy also provided for greater managerial autonomy to the Boards of PSUs.

The Industrial Policy Statement of 1991 recognized that the Government’s intervention in investment decisions of large companies through MRTP Act had proved to be deleterious for industrial growth. Accordingly, pre-entry scrutiny of investment decisions of MRTP companies was abolished. The thrust of policy was more on controlling unfair and restrictive trade practices. The provisions restricting mergers, amalgamations and takeovers were also repealed.

**3.2.8 Industrial Policy Measures Since 1991**

Since 1991, industrial policy measures and procedural simplifications have been reviewed on an ongoing basis. Presently, there are only six industries which require compulsory licensing. Similarly, there are only three industries reserved for the public sector. Some of important policy measures initiated since 1991 are set out below:
Since 1991, promotion of foreign direct investment has been an integral part of India’s economic policy. The Government has ensured a liberal and transparent foreign investment regime where most activities are opened to foreign investment on automatic route without any limit on the extent of foreign ownership. FDI up to 100 per cent has also been allowed under automatic route for most manufacturing activities in Special Economic Zones (SEZs). More recently, in 2004, the FDI limits were raised in the private banking sector (up to 74 per cent), oil exploration (up to 100 per cent), petroleum product marketing (up to 100 per cent), petroleum product pipelines (up to 100 per cent), natural gas and LNG pipelines (up to 100 per cent) and printing of scientific and technical magazines, periodicals and journals (up to 100 per cent). In February 2005, the FDI ceiling in telecom sector in certain services was increased from 49 per cent to 74 per cent.

Reservation of items of manufacture exclusively in the small scale sector has been an important tenet of industrial policy. Realizing the increased import competition with the removal of quantitative restrictions since April 2001, the Government has adopted a policy of de-reservation and has pruned the list of items reserved for SSI sector gradually from 821 items as at end March 1999 to 506 items as on April 6, 2005. Further, the Union Budget 2005-06 has proposed to de-reserve 108 items which were identified by Ministry of Small Scale Industries. The investment limit in plant and machinery of small scale units has been raised by the Government from time to time. To enable some of the small scale units to achieve required economies of scale, a differential investment limit has been adopted for them since October 2001. Presently, there are 41 reserved items which are allowed investment limit up to Rs.50 million instead of present limit of Rs.10 million applicable for other small scale units.

Equity participation up to 24 per cent of the total shareholding in small scale units by other industrial undertakings has been allowed. The objective therein has been to enable the small sector to access the capital market and encourage modernization, technological up-gradation, ancillarisation, sub-contracting, etc.
Under the framework provided by the Competition Act 2002, the Competition Commission of India was set up in 2003 so as to prevent practices having adverse impact on competition in markets.

In an effort to mitigate regional imbalances, the Government announced a new North-East Industrial Policy in December 1997 for promoting industrialization in the North-Eastern region. This policy is applicable for the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. The Policy has provided various concessions to industrial units in the North Eastern Region, *e.g.*, development of industrial infrastructure, subsidies under various schemes, excise and income-tax exemption for a period of 10 years, etc. North Eastern Development Finance Corporation Ltd. has been designated as the nodal disbursing agency under the Scheme.

The focus of disinvestment process of PSUs has shifted from sale of minority stakes to strategic sales. Up to December 2004, PSUs have been divested to an extent of Rs.478 billion.

Apart from general policy measures, some industry specific measures have also been initiated. For instance, Electricity Act 2003 has been enacted which envisaged to de-license power generation and permit captive power plants. It is also intended to facilitate private sector participation in transmission sector and provide open access to grid sector. Various policy measures have facilitated increased private sector participation in key infrastructure sectors such as, telecommunication, roads and ports. Foreign equity participation up to 100 per cent has been allowed in construction and maintenance of roads and bridges. MRTP provisions have been relaxed to encourage private sector financing by large firms in the highway sector.

Evidently, in the process of evolution of industrial policy in India, the Government’s intervention has been extensive. Unlike many East Asian countries which used the State intervention to build strong private sector industries, India opted for the State control over key industries in the initial phase of development. In order to promote these industries the
Government not only levied high tariffs and imposed import restrictions, but also subsidized the nationalized firms, directed investment funds to them, and controlled both land use and many prices.

In India, there has been a consensus for long on the role of government in providing infrastructure and maintaining stable macroeconomic policies. However, the path to be pursued toward industrial development has evolved over time. The form of government intervention in the development strategy needs to be chosen from the two alternatives: ‘Outward-looking development policies’ encourage not only free trade but also the free movement of capital, workers and enterprises. By contrast, ‘inward-looking development policies’ stress the need for one’s own style of development. India initially adopted the latter strategy.

The advocates of import substitution in India believed that we should substitute imports with domestic production of both consumer goods and sophisticated manufactured items while ensuring imposition of high tariffs and quotas on imports. In the long run, these advocates cite the benefits of greater domestic industrial diversification and the ultimate ability to export previously protected manufactured goods, as economies of scale, low labour costs, and the positive externalities of learning by doing cause domestic prices to become more competitive than world prices. However, pursuit of such a policy forced the Indian industry to have low and inferior technology. It did not expose the industry to the rigours of competition and therefore it resulted in low efficiency. The inferior technology and inefficient production practices coupled with focus on traditional sectors choked further expansion of the India industry and thereby limited its ability to expand employment opportunities. Considering these inadequacies, the reforms currently underway aim at infusing the state of the art technology, increasing domestic and external competition and diversification of the industrial base so that it can expand and create additional employment opportunities.

In retrospect, the Industrial Policy Resolutions of 1948 and 1956 reflected the desire of the Indian State to achieve self sufficiency in industrial
production. Huge investments by the State in heavy industries were designed to put the Indian industry on a higher long-term growth trajectory. With limited availability of foreign exchange, the effort of the Government was to encourage domestic production. This basic strategy guided industrialization until the mid-1980s. Till the onset of reform process in 1991, industrial licensing played a crucial role in channelling investments, controlling entry and expansion of capacity in the Indian industrial sector. As such industrialization occurred in a protected environment, which led to various distortions. Tariffs and quantitative controls largely kept foreign competition out of the domestic market, and most Indian manufacturers looked on exports only as a residual possibility. Little attention was paid to ensure product quality, undertaking R&D for technological development and achieving economies of scale. The industrial policy announced in 1991, however, substantially dispensed with industrial licensing and facilitated foreign investment and technology transfers, and threw open the areas hitherto reserved for the public sector. The policy focus in the recent years has been on deregulating the Indian industry, enabling industrial restructuring, allowing the industry freedom and flexibility in responding to market forces and providing a business environment that facilitates and fosters overall industrial growth. The future growth of the Indian industry as widely believed, is crucially dependent upon improving the overall productivity of the manufacturing sector, rationalisation of the duty structure, technological upgradation, the search for export markets through promotional efforts and trade agreements and creating an enabling legal environment.

3.3 Industrial Policy Punjab 2013

To encourage industrial development and employment generation in the State, it is imperative that fresh impetus is given to Industry and Commerce. Hence, the Punjab Government announced this Package of Fiscal Incentives for setting up new industry. The Industrial Policy - 2009 notified vide No.CC/NIP/2009/1547 dated 07.10.2009 will stand amended and modified to the extent of the fiscal incentives, and terms and conditions contained in this Package.
3.3.1 INCENTIVES FOR LARGE MANUFACTURING SECTOR UNITS

I) VAT & CST incentives for new Units with Fixed Capital Investment (FCI) of above Rs.25cr:

a) VAT & CST incentive shall be available to new units with Fixed Capital Investment (FCI) of above Rs.25cr, as shown in Table- 3.1. The quantum of incentive would be available on the VAT and CST payable per annum.

b) The incentive shall be available during Eligible Period, as given in Table 2.6, from the Date of Approval of the unit.

c) This incentive shall commence only after the Date of Production.

d) Maximum cumulative quantum of incentive for Eligible Period is given in Table-3.1

Table 3.1

VAT/CST Incentives for New Large Manufacturing Units with FCI above Rs. 25 Crore

<table>
<thead>
<tr>
<th>Eligible Area*</th>
<th>FCI above Rs.25cr to Rs.100cr</th>
<th>FCI above Rs.100cr to Rs.500cr</th>
<th>FCI above Rs.500cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone I*</td>
<td>60% VAT +75% CST</td>
<td>70% VAT +75% CST</td>
<td>80% VAT +75% CST</td>
</tr>
<tr>
<td>Maximum</td>
<td>60% of FCI</td>
<td>70% of FCI</td>
<td>80% of FCI</td>
</tr>
<tr>
<td>cumulative</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>quantum of</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zone II*</td>
<td>30% VAT + 50% CST</td>
<td>35% VAT + 50% CST</td>
<td>40% VAT + 50% CST</td>
</tr>
<tr>
<td>Maximum</td>
<td>30% of FCI</td>
<td>35% of FCI</td>
<td>40% of FCI</td>
</tr>
<tr>
<td>cumulative</td>
<td></td>
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<td>quantum of</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Eligibility</td>
<td>10</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>Period in Years</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab
Note: Zones are defined in Table 3.7
II) VAT & CST Incentive for Units with Fixed Capital Investment above Rs.10cr to Rs.25cr:

a) VAT & CST incentive shall be available to new units, having Fixed Capital Investment (FCI) above Rs.10cr to Rs.25cr, which have obtained a term loan from a Financial Institution/Bank, as shown in Table 3.2. The quantum of incentive would be available on the VAT and CST payable per annum.

b) The incentive shall be available during Eligible Period, as given in Table 2.6, from the Date of Approval of the unit.

c) This incentive shall commence only after the Date of Production.

d) Maximum Cumulative Quantum of Incentive for Eligible Period is given in Table 2.2.

Table 3.2
VAT/CST Incentives for New Large Manufacturing Units with FCI above Rs. 10 crore upto Rs. 25 crore

<table>
<thead>
<tr>
<th>Eligible Area*</th>
<th>FCI above Rs.10cr to Rs. 25cr</th>
<th>Maximum cumulative quantum of incentive</th>
<th>Eligible Period from Date of Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone I</td>
<td>50% VAT+ 75% CST</td>
<td>50% of FCI</td>
<td>8 Years</td>
</tr>
<tr>
<td>Zone II</td>
<td>25% VAT+ 50% CST</td>
<td>25% of FCI</td>
<td>8 Years</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab
Note: Zones are defined in Table 3.7

III) Electricity Duty Incentive:

a) Exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same unit or exported to PSPCL shall be available to new units, as shown in Table-3.3, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund, shall not be exempted.
b) This incentive shall be available during the Eligible period of availing incentives, as shown in Table-3.6.

c) This incentive shall commence only after the Date of Production.
d) Electricity Duty exemption is not available on Captive Power exported to entities other than PSPCL.
e) Maximum Cumulative Quantum of Incentive for Eligible Period is given in Table 3.3.

Table 3.3
Quantum of Electricity Duty Incentive to New Large Manufacturing Units

<table>
<thead>
<tr>
<th>Eligible Area*</th>
<th>FCI above Rs.10cr</th>
<th>Maximum Cumulative Quantum of ED Incentive for Eligible Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone I</td>
<td>100%</td>
<td>100% of FCI</td>
</tr>
<tr>
<td>Zone II</td>
<td>50%</td>
<td>50% of FCI</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab
Note: Zones are defined in Table 3.7

IV) Stamp Duty Incentive:

a) Exemption from payment of Stamp duty as levied in Schedule 1- A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, as shown in Table 3.4, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted.

b) This exemption shall be available for real estate purchased/leased within a period of 3 years from Date of Approval.

c) Refund of Stamp duty shall be allowed for all real estate which has been purchased/leased upto 3 years prior to the date of submission of application form, by the same entity. The refund, however, will be given only after the Date of Production.
d) The quantum of land shall be determined as per the project report appraised by the Financial Institution/Bank.

Table 3.4
Quantum of Stamp Duty Incentive to New Large Manufacturing Units

<table>
<thead>
<tr>
<th>Eligible Area*</th>
<th>FCI above Rs.10cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone I</td>
<td>100%</td>
</tr>
<tr>
<td>Zone II</td>
<td>50%</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab
Note: Zones are defined in Table 3.7

V) Property Tax Incentive:
   a) Exemption from payment of Property Tax shall be available during the Eligible Period of availing incentives, as shown in Table- 3.5
   b) Projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of Property Tax during the balance Eligible Period of availing incentives, as shown in Table- 3.6
   c) This incentive shall commence only after the Date of Production.

Table 3.5
Quantum of Property Tax Incentive to New Large Manufacturing Units

<table>
<thead>
<tr>
<th>Eligible Area*</th>
<th>FCI above Rs.10cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone I</td>
<td>100%</td>
</tr>
<tr>
<td>Zone II</td>
<td>50%</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab
Note: Zones are defined in Table 3.7

VI) Period of Incentives:
   a) Eligible Period of availing VAT, CST, Electricity Duty and Property Tax incentives shall be as shown in Table-3.6
   b) Eligible Period of availing incentives shall be determined from the Date of Approval.
Table-3.6
Period of Incentives (for VAT, CST, Electricity Duty & Property Tax exemption) to New Large Manufacturing Units

<table>
<thead>
<tr>
<th>FCI above Rs.10cr to 25cr</th>
<th>FCI above Rs.25cr to 100cr</th>
<th>FCI above Rs.100cr to 500cr</th>
<th>FCI above Rs.500cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Period</td>
<td>8 Years</td>
<td>10 Years</td>
<td>11 Years</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

VII) Investment Zones: Units shall be eligible for incentives as per the Zones given in Table 3.7

Table 3.7
Investment Zones For New Large Manufacturing Units

<table>
<thead>
<tr>
<th>Zones</th>
<th>Districts &amp; Other Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone I</td>
<td>Fazilka, Ferozepur, Tarn Taran, Amritsar, Gurdaspur, Pathankot, Hoshiarpur, Sangrur, Barnala, Mansa, Moga, Bathinda, Sri Muktsar Sahib and Faridkot. All approved Industrial Parks, Industrial Focal Points and Industrial Estates in all districts of the State.</td>
</tr>
<tr>
<td>Zone II</td>
<td>Patiala, Fatehgarh Sahib, Ludhiana, Jalandhar, Kapurthala, Shaheed Bhagat Singh Nagar (Nawanshahr), Rupnagar and Ajitgarh (Mohali).</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

3.3.2 INCENTIVES FOR SMALL AND MEDIUM UNITS

I) VAT and CST incentive for Units with Fixed Capital Investment (FCI) from Rs.1 cr to Rs.10 cr:

a) VAT and CST incentive shall be available to new Small & Medium Units, having FCI from Rs.1 cr to Rs.10 cr., which have obtained term loan from a Financial Institution/Bank, as shown in Table 3.1. The quantum of incentive would be available on VAT and CST payable per annum.

b) The incentive shall be available only to units setup in Industrial Focal Points, Industrial Estates and approved Industrial Parks.
c) The incentive would be available for a maximum period of 7 years from the Date of Approval.

d) This incentive shall commence only after the Date of Production.

e) Maximum Cumulative Quantum of Incentive for Eligible Period is as per Table 3.8

Table 3.8
VAT/CST Incentives for New Small and Medium Units with FCI from Rs. 1 Crore to Rs. 10 crore

<table>
<thead>
<tr>
<th>Eligible Area</th>
<th>FCI Rs.1 cr to Rs.10 cr</th>
<th>Eligible Period from Date of Approval</th>
<th>Maximum cumulative quantum of incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within approved Industrial Focal Points, Industrial Estates, Industrial Parks</td>
<td>50% VAT+ 75% CST</td>
<td>7 Years</td>
<td>50% of FCI</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

II) Electricity Duty Incentive:

a) 100% exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same unit or exported to PSPCL, shall be available to new units, as shown in **Table-3.9**, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund, shall not be exempted

b) This incentive would be available for a maximum period of 7 years from the Date of Approval

c) This incentive shall commence only after the Date of Production

d) Electricity Duty exemption is not available on Captive Power generated and sold

e) Maximum Cumulative Quantum of Incentive for Eligible Period is as per Table 3.9
Table 3.9
Quantum of Electricity Duty Incentive to New Small and Medium Units

<table>
<thead>
<tr>
<th>Eligible Area</th>
<th>FCI Rs.1 cr to Rs.10 cr</th>
<th>Eligible Period from Date of Approval</th>
<th>Maximum cumulative quantum of incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within approved Industrial Focal Points, Industrial Estates, Industrial Parks</td>
<td>100% of ED</td>
<td>7 Years</td>
<td>100% of FCI</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

III) Stamp Duty Incentive:

a) 100% exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted

b) This exemption shall be available for real estate purchased/leased within a period of 3 years from Date of Approval

c) Refund of Stamp duty shall be allowed for all real estate which has been purchased/leased up to 3 years prior to the date of submission of application form, by the same entity. The refund, however, will be given only after the Date of Production

d) The quantum of land shall be determined as per the project report appraised by the Financial Institution/Bank

e) The incentive shall be available only to units setup in Industrial Focal Points, Industrial Estates and approved Industrial Parks

IV) Property Tax Incentive:

a) 100% exemption from payment of Property Tax shall be available during the Eligible Period of 7 years from the Date of Approval
Projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of Property Tax during the balance Eligible Period of 7 years.

c) This incentive shall commence only after the Date of Production.

d) The incentive shall be available only to units setup in Industrial Focal Points, Industrial Estates and approved Industrial Parks.

V) Conditions:

a) These incentives shall be applicable to new Small & Medium manufacturing Units with investment from Rs.1.0 cr to Rs.10 cr.

b) The incentives under this Chapter shall be available only to units set up in Industrial Focal Points, Industrial Estates and approved Industrial Parks.

c) These incentives shall be available only to Projects which have obtained term loan from a Financial Institution/Bank.

d) All General conditions as contained in Chapter 5 shall be applicable to Projects considered for grant of incentives under this Chapter.

3.3.3 INCENTIVES FOR INTEGRATED TEXTILE UNITS

I) Applicability

The incentives provided hereunder are applicable to Integrated Textile Units. An Integrated Textile Unit (ITU) is one that consists of composite processes including spinning, weaving and/or knitting, processing and manufacturing of end-products like fabrics, garments, towels, etc. It has to be set up in the defined Textile Zone with investment of at least Rs.150.00 crore and above.

II) VAT and CST Incentives

a) VAT & CST incentive shall be available to new Integrated Textile Units with Fixed Capital Investment (FCI) of Rs.150cr and above, as shown in Table-3.10 The quantum of incentive would be available on the VAT and CST payable per annum.

b) The incentive shall be available during Eligible Period, as given in Table 3.10, from the Date of Approval of the unit.
c) This incentive shall commence only after the Date of Production

d) Maximum cumulative quantum of incentive for Eligible Period is given in Table-3.10

<table>
<thead>
<tr>
<th>Table 3.10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VAT/CST Incentives for New Integrated Textile Units with FCI of Rs. 150 crore and above</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars</th>
<th>FCI Rs.150cr to Rs. 500cr</th>
<th>FCI above Rs.500cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT &amp; CST Incentive</td>
<td>80%VAT +80%CST</td>
<td>90%VAT +80%CST</td>
</tr>
<tr>
<td>Maximum cumulative quantum of incentive</td>
<td>80% of FCI</td>
<td>90% of FCI</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

III) Electricity Duty Incentive:

a) 100% exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same unit or exported to PSPCL, shall be available to new Integrated Textile Units, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund, shall not be exempted

b) This incentive shall be available during the Eligible period of availing incentives, as shown in Table-3.11

c) This incentive shall commence only after the Date of Production.

d) Electricity Duty exemption is not available on Captive Power exported to entities other than PSPCL.
e) Maximum Cumulative Quantum of this incentive for Eligible Period is limited to 100% of FCI.

IV) Stamp Duty Incentive:

a) 100% exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is
available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted

b) This exemption shall be available for real estate purchased/leased within a period of 3 years from Date of Approval

c) Refund of Stamp duty shall be allowed for all real estate which has been purchased/leased upto 3 years prior to the date of submission of application form, by the same entity. The refund, however, will be given only after the Date of Production

d) The quantum of land shall be determined as per the project report appraised by the Financial Institution/Bank

V) Property Tax Incentive:

a) 100% exemption from payment of Property Tax shall be available, during the Eligible Period of availing incentives, as shown in Table-3.11

b) Projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of Property Tax during the balance Eligible Period of availing incentives, as shown in Table-3.11

c) This incentive shall commence only after the Date of Production

VI) Market Fee/ Rural Development Fund/ Infrastructure Development Cess, Incentive:

a) 50% exemption from payment of Market Fee, Rural Development Fund and Infrastructure Development Cess on the purchase of cotton would be available during the Eligible Period as shown in Table 3.11

b) Maximum cumulative quantum of this incentive for Eligible Period is limited to 50% of FCI

VII) Period of Incentives:
a) Eligible Period of availing VAT, CST, Electricity Duty, Property Tax, Market Fee, Rural Development Fund and Infrastructure Development Cess incentives shall be as shown in Table-3.11

b) Eligible Period of availing incentives shall be determined from the Date of Approval

<table>
<thead>
<tr>
<th>Table 3.11</th>
<th>Period of Incentives For New Integrated Textile Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Particulars</td>
<td>FCI Rs.150cr to Rs. 500cr</td>
</tr>
<tr>
<td>Eligible Period for availing incentives</td>
<td>11 Years</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

VIII) Textile Zone:

Integrated Textile Units shall be eligible for incentives in the districts covered in Textile Zone as shown in Table 3.12

<table>
<thead>
<tr>
<th>Table 3.12</th>
<th>Textile Zones For New Integrated Textile Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textile Zone</td>
<td>Mansa, Bathinda, Muktsar, Fazilka, Ferozepur, Faridkot, Moga, Barnala, Sangrur, Patiala, Amritsar and Tarn Taran. All approved Industrial Parks, Industrial Focal Points and Industrial Estates in all districts of the State.</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

IX) Conditions:

An Integrated Textile Unit shall be eligible for availing incentives only if project is designed to process at least 60% of the raw material up to the end-product stage viz. fabrics, garments, towels etc.

3.3.4 GENERAL PROVISIONS

I) General Conditions:
a) **New Unit**: A new unit has to be set up at a new site. An existing enterprise which sets up a new unit in the same premises shall be considered for incentives provided the new unit is located in a distinct building/structure

b) **Expansion Project**: Projects which undertake expansion shall satisfy the following conditions:

- There shall be a minimum 50% increase in the Fixed Capital Investment (original value without depreciation) for all projects with original investment of Rs.100 crore or less subject to the condition that the minimum increase in the FCI would be Rs.1 crore
- For projects with original investment above Rs.100 crore the minimum expansion in FCI shall be 25% subject to a lower limit of Rs.50 crore
- Such projects undertaking expansion shall be eligible only for 50% of the incentives of the slab in which the expansion project falls under the FIIP-2013
- Such expansion shall have to be carried out after the cut off date of 01-04-2013 meaning thereby that the unit shall make the requisite investments only after 01-04-2013 as expansion of the existing project

c) Mega Projects approved under Industrial Policy 2009 and other projects which will come into commercial production on or after 01-04-2013:-

- Under the Industrial Policy 2009, the approved mega projects which have already signed agreements with the concerned Nodal Department but have not commenced commercial production, (after completing the minimum required investment), will be considered for extending the fiscal incentives approved under the FIIP 2013 provided they have come into commercial production on or after 01-04-2013. As regards new incentives provided under the FIIP 2013, namely VAT/CST retention and property tax
exemption such units shall be given only 50% of the incentives under the policy

- Under the Industrial Policy 2009, the approved mega projects which have not yet signed the agreements with the concerned Nodal Department may apply afresh to the nodal agency for considering their case for the grant of fiscal incentives under the FIIP 2013 provided they have not already come into commercial production before 01-04-2013

- Since, the FIIP 2013 comes into effect on 01-04-2013, all other projects which come into commercial production on or after 01-04-2013 will be considered for grant of incentives under the FIIP 2013 (provided they apply to the nodal agency). However, only such investment as is actually made after 01.04.2013 will be eligible for incentives under FIIP 2013.

- All approved Mega Projects which have come into commercial production before 01-04-2013 will be covered under the Industrial Policy 2009 only, irrespective of the fact that they have signed or not signed the agreement with the Govt.

d) Fixed Capital Investment (FCI) shall mean the investment incurred on building, plant & machinery and equipment

e) The investment category of the project, for determining quantum of incentives, will be frozen on the basis of the category mentioned in the Eligibility letter issued on Approval of Project. Entitlement for an appropriate higher investment category will be permitted only in case the increase is at least 100% of the originally approved Fixed Capital Investment (FCI). In such cases the eligible period shall continue to be determined from date when the original project was first approved. However, if FCI in the project is lower than that mentioned in the eligibility letter, then the eligibility of the project for incentives shall be re-determined keeping in view the actual investment made

f) Date of Approval shall be the date on which package of incentives is approved by the concerned Nodal Agency or by the competent authority as may be notified by the State Government. For old projects
or projects in pipeline, the date of approval shall be the date of original approval of the Empowered Committee under the Industrial Policy 2009

g) Date of Production shall be the date on which the unit commences commercial sale of its product

h) A composite application form shall be made available by the Nodal Agency on its website

i) The availing of incentives will cease either on the exhaustion of the applicable quantum or on the completion of the Eligible Period, whichever is earlier

j) The State Government may provide higher incentives or any other incentives to specific projects, as it may deem fit. Such cases shall be decided by the Empowered Committee

k) The actual Fixed Capital Investment as well as FCI reflected in the Financial Institution / Bank Appraised Project Report shall have to be certified by a Chartered Accountant

l) Government of India is in the process of introducing a uniform Goods & Services Tax (GST) regime throughout the country. In this event the benefits related to CST/VAT incentives granted or being availed would be suitably modified by the State Government in conformity with the GST regime

m) If any false declaration is given for the purpose of availing incentives or if any incentives are availed for which unit was not eligible, the amount of incentives are liable to be recovered from the date of availing of such incentives as arrears of land revenue along with interest compounded annually @ 18% per annum

n) In the event of non-commencement of production or non-fulfillment of any of the aforementioned conditions, the unit shall be liable to refund the incentives so availed along with interest @ 15% compounded annually. Failure of refund of such incentives shall make the company liable for recovery of the amount as arrears of land revenue

o) The Maximum limit of the sum of all incentives (VAT, CST, Electricity Duty, Stamp Duty, Property Tax, Market Fee, Rural Development
Cess, Infrastructure Development Cess etc.) as provided in this Policy that can be availed under this notification shall not exceed 100% of Fixed Capital Investment (FCI)

p) The proponent shall submit an application, in prescribed format for apportionment of these incentives. Further, Eligibility letter, issued on approval of project, shall contain full details with regard to apportionment of such incentives

q) A sum equal to 1% of the Fixed Capital Investment (FCI) shall be contributed into the Punjab State Cancer & Drug Addiction Treatment Infrastructure Fund, constituted under section-4 of the Punjab State Cancer & Drug Addiction Treatment Infrastructure Fund Act, 2013. Such contribution shall be made in the relevant head by the proponent before the issue of Eligibility Letter

r) The incentives available under this notification shall be effective from 1st April 2013.

3.3.5 IT/ITES/KNOWLEDGE INDUSTRY UNITS

I) Applicability of the Incentives

Unless otherwise specifically mentioned, a minimum investment of Rs. 1 crore would be required for availing the incentives under this policy. These incentives will be available for the Districts of Mohali and Amritsar only

II) Provisions of VAT

a) 80% exemption of VAT for the new units from commencement of production and started after the date of issue of this Policy, for a period of 10 years from the date of commencement of production for products made in Punjab and sold in Punjab

b) 80% exemption of CST on all IT products for 10 years

c) However the maximum cumulative quantum of these incentives will be limited to 80% of FCI

d) Reimbursement of VAT paid by the promoter on the purchase of machinery and equipment for the unit, within the State

III) Incentives In Respect of Electric Power
a) Power would be available to units in approved IT Parks, Industrial Focal Points and Industrial Areas and Industrial Estates at the tariff applicable to industry

b) Exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same unit or exported to PSPCL shall be available to new units, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund, shall not be exempted

c) This incentive shall be available during the eligible period of availing incentives i.e. 10 years

d) This incentive shall commence only after the date of Production

e) Electricity Duty exemption is not available on Captive Power exported to entities other than PSPCL

IV) Exemption from Stamp Duty

a) No stamp duty will be levied in respect of land allotted by Department of Information Technology/any other Development Authority of the State to the units

b) 100% exemption of stamp duty for IT/ITES/Knowledge Units/Developers on all components within the said Park on the sale/lease / lease-cum- sale of land or built up office space within the constructed IT Park. This concession would be available only for the first transaction when the first sale by the infrastructure company is made to a unit

c) For the projects where land has been acquired upto 3 years prior to the date of application by the applicants the same shall be eligible for refund which will be given after the start of commercial production

d) Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted

V) Property Tax Incentive
The units shall be exempted from payment of Property Tax for a period of 10 years from the date of approval. The projects whose premises subsequently falls in Municipal Corporation, Municipal Council or Notified Area Committee limits shall also remain exempt from payment of property tax for this period of 10 years from the date of approval.

VI) Exemption From Clearance From Pollution Control Board

The units notified by Department of Information Technology, Government of Punjab will not require any NOC/ Clearance from Punjab Pollution Control Board (PPCB) for release of electricity connection from Punjab State Power Corporation Limited (PSPCL). In case Diesel Gen-Sets are installed in the project, the requisite NOC for the same shall required to be obtained by the unit/ developer from PPCB.

VII) Exemption From Inspection Under Various Labour Laws


b) All such units have general permission for three shift operations with women allowed to work in the night shift, provided adequate measures have been taken to ensure safety of the women employees.

VIII) Exemption From Punjab Apartment And Property Regulation Act (PAPRA)

The units shall be exempted from the Punjab Apartment and Property Regulation Act (PAPRA) 1995, except for section 5(9), Section 6 to Section
20, Section 32 and Section 36 to Section 39 of the Act, in accordance with the power vested with the state government under Section 44 (2) of the Act.

IX) Other Incentives Related To Housing And Urban Development

a) 40% of mechanical parking is allowed.

b) Units will have permissible FAR of 1:3 of gross area of the project.

c) The Equated Car Space (ECS) shall be 1 per 100 sqm of covered area upto 5 acre plot and 2 per 100 sqm of covered area for plot greater than 5 acres.

d) 5% residential component of total built up area under industrial use shall be permissible.

e) Exemption from Zoning Regulations and Conversion Charges
   i. Notified units are exempted from land use zoning regulations and can be set up in any of the following notified land uses in the Master Plan/ Zonal Development Plan viz. Residential use zone, Commercial use zone, Institutional use zone, Industrial use zone, Mixed use
   ii. No conversion or change of land use charges or External Development Charges would be levied.

The local authority shall obtain a bank guarantee for an amount equal to 100% (One Hundred percent) of the conversion charges due. The premises will be inspected on completion by development agency for ensuring compliance with above stipulations before advising the Local Authority for discharge of Bank Guarantee.

3.3.6 ELECTRONICS HARDWARE MANUFACTURING INDUSTRY UNITS

I) Applicability of the Incentives

Unless otherwise specifically mentioned, a minimum investment of Rs. 5 crore would be required for availing the incentives under this policy. The incentives will be available in the entire State of Punjab.
II) Provisions of VAT

a) 80% exemption of VAT for the new units started after the date of issue of this Policy, for a period of 10 years from the date of commencement of production for products made in Punjab and sold in Punjab.
b) 80% exemption of CST on all electronic hardware products for 10 years.
c) However, the maximum cumulative quantum of these incentives will be limited to 80% of FCI.

III) Incentives In Respect of Electric Power

a) Power would be available to units in approved IT Parks, Industrial Focal Points and Industrial Areas and Industrial Estates at the tariff applicable to industry.
b) Exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same unit or exported to PSPCL shall be available to new units, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund, shall not be exempted.
c) This incentive shall be available during the eligible period of availing incentives i.e. 10 years.
d) This incentive shall commence only after the date of Production.
e) Electricity Duty exemption is not available on Captive Power exported to entities other than PSPCL.

IV) Exemption From Stamp Duty

a) No stamp duty fee will be levied in respect of land allotted by Department of Information Technology/any other Development Authority of the State to the units.
b) 100% exemption of stamp duty for Electronics Hardware Manufacturing Units/Developers on all components within the said Park on the sale/ lease / lease-cum-sale of land or built up office space within the constructed IT Park. This concession would be
available only for the first transaction, when the first sale by the infrastructure company is made to a unit
c) For the projects where land has been acquired upto 3 years prior to the date of application by the applicants, the same shall be eligible for refund which will be given after start of commercial production
d) Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted

V) Property Tax Incentive

The units shall be exempted from payment of Property Tax for a period of 10 years from the date of approval. The projects whose premises subsequently falls in Municipal Corporation, Municipal Council or Notified Area Committee limits shall also remain exempt from payment of property tax for this period of 10 years from the date of approval

VI) Clearance From Pollution Control Board

The units notified by Department of Information Technology, Government of Punjab will not require any NOC/ Clearance from Punjab Pollution Control Board (PPCB) for release of electricity connection from Punjab State Power Corporation Limited (PSPCL). In case Diesel Gen-Sets are installed in the project, the requisite NOC for the same shall required to be obtained by the unit/ developer from PPCB.

Electronics Hardware Manufacturing units will have to follow and ensure the guidelines for the reduction in use of hazardous substances in the manufacturing of such equipment under the e-Waste (Management & Handling) Rules 2011 effective from 1.5.12. Moreover, Hazardous Waste Management and Trans-boundary Movement Rules’ 2008 will also be applicable.

VII) Exemption From Inspection Under Various Labour Laws

b) The units have general permission for three shift operations with women allowed to work in the night shift, provided adequate measures have been taken to ensure safety of the women employees.

VIII) Exemption From Punjab Apartment And Property Regulation Act (PAPRA)

The units shall be exempted from the Punjab Apartment and Property Regulation Act (PAPRA) 1995, except for section 5(9), Section 6 to Section 20, Section 32 and Section 36 to Section 39 of the Act, in accordance with the power vested with the state government under Section 44 (2) of the Act.

IX) Other Incentives Related To Housing And Urban Development

a) 40% of mechanical parking is allowed
b) The ECS and FAR shall be as applicable for other manufacturing industry in Punjab Housing Policy
c) 5% residential component of total built up area under industrial use shall be permissible
d) Exemption from Zoning Regulations and Conversion Charges
   i. Notified Electronic Hardware manufacturing units with minimum built up space of 1,00,000 sq. ft. shall be exempted from land use zoning regulations and can be set up in any of
the following notified land uses in the Master Plan/ Zonal Development Plan:

- Industrial use zone
- Mixed use

ii. No conversion or change of land use charges or External Development Charges would be levied

The local authority shall obtain a bank guarantee for an amount equal to 100% (One Hundred percent) of the conversion charges due. The premises will be inspected on completion by development agency for ensuring compliance with the above stipulations before advising the Local Authority for discharge of Bank Guarantee

X) Preferential Market Access (PMA)

In line with the Government of India policy, Preferential Market access shall be given to Electronics hardware manufacturing units in the State for the products procured by all government departments in the State. The year wise PMA and value addition thresholds for each product shall be in line with the National Electronics Policy and National Telecom Policy. This policy shall be applicable from the date of notification and shall remain in force for a period of next 7 years

XI) Special Incentives for The Semi-Conductor Wafer Fab

Separate investment subsidy package for wafer fab capital outlay and required land allocation would be introduced. A special committee under the chairmanship of the Chief Minister shall be constituted for approval and provisioning of these special incentives

3.3.7 FOR IT PARKS (BOTH SOFTWARE & ELECTRONICS HARDWARE SECTORS)

I) Provisions Of VAT

a) 80% exemption of VAT for the new units located in Parks from commencement of production and started after the date of issue of this Policy, for a period of 10 years from the date of commencement of production for products made in Punjab and sold in Punjab
b) 80% exemption of CST for the new units located in Parks on all IT and electronic hardware products for 10 years

c) However the maximum cumulative quantum of these incentives will be limited to 80% of FCI

II) Incentives In Respect Of Electric Power

a) Provision of uninterrupted power supply to units located in notified IT parks

b) Power would be available to units in approved IT Parks, Industrial Focal Points and Industrial Areas and Industrial Estates at the tariff applicable to industry

c) Exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same unit or exported to PSPCL shall be available to new units, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund, shall not be exempted

d) This incentive shall be available during the eligible period of availing incentives i.e. 10 years

e) This incentive shall commence only after the date of production

f) Electricity Duty exemption is not available on Captive Power exported to entities other than PSPCL

III) Exemption From Stamp Duty

a) 100% exemption of stamp duty for Developers on all components within the said Park as a Single Unit on the sale/ lease / lease-cum-sale of land or built up office space within the constructed IT Park. This concession would be available only for the first transaction when the first sale by the infrastructure company is made to a unit

b) 100% reimbursement from stamp duty on land directly acquired by the developers for construction of IT Parks comprising all components such as industrial, commercial and residential within the said Park as a Single Unit to develop their own campuses only after IT Park is duly notified by Department of Information Technology provided that it is set up at a single location as one unit
c) For the projects where land has been acquired upto 3 years prior to the date of application by the applicants, the same shall be eligible for refund which will be given after start of commercial production

d) Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted

IV) Exemption From Punjab Apartment And Property Regulation Act (PAPRA)

The provisions regarding exemption from the PAPR Act in the Punjab Housing Policy 2013 will be applicable to the I.T. Parks as well except that there will not be any obligation on the part of the Promoter to provide any EWS housing in the I.T. Park

V) Other Incentives Related To Housing And Urban Development

a) An Equated Car Space (ECS) of 1.5 per 100 sqm of covered area upto 5 acre plot and an ECS of 2 per 100 sqm of covered area for plot greater than 5 acres for IT/ITES/Knowledge parks (excluding Electronics Hardware Manufacturing Parks)

b) FAR of 1:3 as per the Punjab Housing Policy 2013 for I.T. units, knowledge based industries, research institutions & commercial components in the I.T. Parks and 1:2 for residential component within the Park. Higher FAR upto 1:3, beyond 1:2 FAR, is purchasable by the Promoter in case of Residential component

c) For Electronics Hardware Manufacturing parks, the ECS and FAR shall be as applicable for other manufacturing industry in Punjab Housing Policy 2013

d) 5% residential component of total built up area under industrial use shall be permissible

e) IT/ITES/Knowledge parks (excluding Electronics Hardware Manufacturing parks) could be set up in any zones except residential
zone, notwithstanding the fact that such Parks have Industrial, Residential and Commercial components at the same location.

f) Change of Land Use (CLU) charges would be as per Punjab Housing Policy, 2013 wherein CLU charges are exempted for Industrial units.

g) External Development Charges (EDC) would be exempted only for IT industry component of the IT Park for a period of three years from the date of applicability of the new incentive policy.

3.3.8 OTHER INCENTIVES COMMON FOR IT/ITES/KNOWLEDGE/ ELECTRONICS HARDWARE INDUSTRY

In addition to any incentives and concessions provided by various departments of Government of India under various schemes, following common incentives shall be provided to IT/ITES/Knowledge/Electronics Hardware industry:

I) Special Subsidized Rates For Allotment Of Land

Special subsidized rates will be provided for allotment of land by concerned Government authorities.

II) Incentives For Patents And IPR

The government shall reimburse upto 50% of the actual costs (including filing fees, attorney fees, search fees, maintenance fees) with a maximum of Rs. 1 lac for filing a domestic patent and up to Rs. 5 lacs for filing an international patent.

III) Special Incentives For Micro, Small And Medium Enterprise (MSMEs)

a) Capital and other subsidies to MSMEs will be as per Government of India policies notified from time to time. The State Government will facilitate the MSMEs to avail these subsidies.

b) INCENTIVE FOR QUALITY CERTIFICATIONS: The Government will reimburse 50% of expenditure incurred by the IT software company for obtaining quality certifications for SEI CMM (Software Engineering Institute Capability Maturity Model) Level 2 upwards, subject to maximum ceiling of Rs. 5 lakhs. Similar reimbursement will be made.
for ITES Companies for achieving COPC (Customer Operation Performance Centre) and eSCM (eSourcing Capability Model) certification. The IT/ITES units/ companies can claim this incentive only once. This incentive will also be available to approvals/ certifications taken against new electronic standards defined by Government of India in future.

IV) Special Incentives For Mega/ Super Mega Projects

Government may consider special package of incentives for all Mega/ Super Mega Projects on a case to case basis based on the gestation period of projects, pioneering nature of projects, Locational aspects, state of the art technology, profitability, scope for further related investment etc. Empowered Committee under the Chief Minister shall be competent to approve the special package of incentives and modalities for the same.

V) HR Initiative

a) The Government of Punjab recognizes the fact that IT/ITES/Knowledge/ Electronics Hardware industry not only requires skilled work force but also needs assured supply of skilled manpower. Therefore, the Government through the Department of Technical Education & Industrial Training will strive to implement the recommendations made by the National Skill Development Program (NSDP) and other State programs. It will create an Institutional mechanism to coordinate with Engineering Colleges, Polytechnics and ITI to implement the recommendations.

b) The Government has decided to implement the Reverse model where trainers will train students with prior identification of placement under which four Multi-Skill Development Centers (MSDC) are going to be setup at Amritsar, Hoshiarpur, Bathinda and Ludhiana. Government is also technically up-gradating fifty Government ITI’s where one lac students will be trained per annum.

VI) International Outreach

Participation of the IT Department, Government of Punjab with industry association such as MAIT, ELCINA, CII in International IT/ITeS and Electronic
exhibition and conference worldwide and also strive to conduct International scale ICT Event in the state to project Punjab as the most ideal destination for investment. The State Government will also explore to tie up opportunities with major IT/ITES /electronic clusters located globally to give Marketing and Technology access to Local electronic design and manufacturing companies based in Punjab.

VII) Encouragement of “Made In India” Products

The State Government will encourage the use of products made in India for developmental initiatives such as e-governance plan, UID, SSA and all other e-governance initiatives at the State level. This initiative of the State Government is to reduce the use of imported products in all State and Central Government program. On a case basis where ever required the State Government from time to time will request Government of India to impose Anti Dumping duty of goods which are directly contradicting the Made in India Electronic products. State Government procurement with higher local value addition will be encouraged and additional basis points in Technical evaluation will be given to companies using products with greater Indian value addition and local language interface.

VIII) Implementation Strategy

a) Unless otherwise specifically mentioned, the incentives under this policy shall be applicable to new projects only (for the IT/ITES/Knowledge industry in the districts of Mohali & Amritsar and for the Electronic hardware Industry in entire State of Punjab) and will have no retrospective effect

b) The State Government will set-up a Society, under the administrative control of the Department of Information Technology which will act as a single window executing agency for an effective implementation and facilitation of this Policy

IX) Development of IT/ ITES/ Knowledge/ Electronics Industry Hubs/ Clusters By The State Government

a) The State shall strive to create and maintain a conducive environment for attracting investment through investor friendly rules &
procedures and provide timely & smooth facilities. It shall made sustained efforts in removal of any bottlenecks in smooth operation of industries

b) The State recognizes the increased role of Public-Private-Partnerships and, accordingly it would encourage and emphasize infrastructure development through private initiatives. Government would continue to facilitate private sector investment in developing IT Parks

c) Apart, the State Government through state developing agency/ agencies will also create sector specific hubs/ clusters for IT/ ITeS/ Knowledge/ Electronics industry. It is incumbent upon the developing agency to facilitate basic facilities within such hubs/ clusters before offering physical possession of plots to the applicants. Such basic facilities include motorable roads for access to the site, water supply system, electrical infrastructure, sewerage and drainage system. There are a number of Secondary and Tertiary and social level facilities and amenities which may be required and which may need to be provided as add-on in due course of time. Provision of such facilities may depend upon third parties

d) Pricing of allotments: The pricing of allotments in hubs/ clusters is a function of the cost of acquisition of raw land, administrative costs, survey and demarcation, payment of Government fees, planning, development and provision of amenities, final disposal of effluents as necessary infrastructure related amenities, etc. The overall costs so incurred are then loaded on to the net saleable area. Generally allotment by the state developing agencies is on cost basis but it also generates surpluses by way of disposal of commercial/ residential sites. However in case of such hubs/ clusters, this advantage has been passed on the investor/ applicant whereby 5% of total built up area under industrial use shall be made permissible as residential component

e) The state developing agency shall divide these hubs/ clusters into plots of various sizes/ categories. The prices for these sizes/ categories would be decided by the state developing agency with the approval of the Government and these prices will be updated from time-to-time and from location-to- location
f) Allotments in these hubs/ clusters shall be made in a transparent manner. The allotments may be made after inviting applications through advertisements in leading newspapers.

g) The allocation may be on the basis of consideration of following tentative parameters:-

   i. Fixed capital investment (i.e. land, building, machinery & misc. fixed assets) under the project that would be made by the applicant;
   ii. Employment generation being made under the project;
   iii. Projects being set up by Non-Resident Indians (NRIs) / Persons of India Origin (PIOs);
   iv. Projects with 33% or more FDI in total investment;
   v. Projects involving creation of ancillaries and large employment opportunities;
   vi. Existing industrial units for meeting their expansion/ re-location requirements;
   vii. Projects involving introduction of state-of-the art/ new technology;
   viii. New Investments by promoters with established credentials/ experience;
   ix. Projects being set up by Ex-servicemen, Women entrepreneurs, unemployed engineering graduates/ polytechnic/ ITI trained candidates/first generation/new entrepreneurs who display exceptional entrepreneurial ability/skills, persons with disabilities, etc;

3.3.9 INCENTIVES FOR NEW INVESTMENT IN AGRO/FOOD PROCESSING AND HI-TECH AGRICULTURE

I) VAT & CST Incentive

VAT & CST incentive shall be available to new units as shown in Table-3.13. The quantum of incentive would be available on VAT & CST payable per annum. This incentive shall commence from the date of commercial production.
Table 3.13
VAT/CST Incentives for New Agro/Food Processing and Hi-Tech Agriculture Units

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Fixed Capital Investment</th>
<th>Quantum</th>
<th>Maximum eligible period from date of approval</th>
<th>Maximum cumulative quantum of incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT &amp; CST</td>
<td>Rs. 1 Crore to Below Rs. 25 Crore</td>
<td>80% VAT+ 75% CST</td>
<td>10 years</td>
<td>80% of FCI</td>
</tr>
<tr>
<td></td>
<td>Rs. 25 Crore to Below Rs. 100 Crore</td>
<td>85% VAT+ 80% CST</td>
<td>10 years</td>
<td>85% of FCI</td>
</tr>
<tr>
<td></td>
<td>Rs. 100 Crore and Above</td>
<td>90% VAT+ 85% CST</td>
<td>12 years</td>
<td>90% of FCI</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

The availment of this incentive will cease either on the exhaustion of the applicable quantum or on completion of eligible period, whichever happens earlier.

II) Electricity Duty Incentive

Exemption from payment of Electricity Duty on power, including captive power consumed by the same unit or exported to Punjab State Power Corporation Limited (PSPCL) shall be available to new units as shown in Table-3.14, with the proviso that any contributions made out of electricity duty levied, such as those deposited in the Social Security Fund, shall not be exempted. However, this incentive will not be available on captive power exported to entities other than PSPCL.

The incentive would be available during the eligible period and shall commence from the date of commercial production.

The availment of this incentive will cease either on the exhaustion of the applicable quantum or on completion of eligible period, whichever happens earlier.

Table 3.14
Electricity Duty Incentive for New Agro/Food Processing and Hi-Tech Agriculture
<table>
<thead>
<tr>
<th>Incentive</th>
<th>Fixed Capital Investment</th>
<th>Quantum</th>
<th>Maximum eligible period from date of approval</th>
<th>Maximum cumulative quantum of incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity duty</td>
<td>Rs. 1 Crore to Below Rs. 25 Crore</td>
<td>100%</td>
<td>10 Years</td>
<td>100% of FCI</td>
</tr>
<tr>
<td></td>
<td>Rs. 25 Crore to Below Rs. 100 Crore</td>
<td>100%</td>
<td>10 Years</td>
<td>100% of FCI</td>
</tr>
<tr>
<td></td>
<td>Rs. 100 Crore and Above</td>
<td>100%</td>
<td>12 Years</td>
<td>100% of FCI</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

**III) Stamp Duty Incentive**

Exemption from payment of Stamp duty as levied in Schedule 1- A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with nodal agency, with the proviso that any other charges such as Social Security Fund, as levied in Schedule 1-B of the Act shall not be exempted.

This exemption shall be available for real estate purchased/leased within a period of 3 years from the date of approval.

Refund of stamp duty shall be allowed for all real estate which has been purchased/leased upto three years prior to the date of submission of application form by the same entity. The refund however, will be given only after the date of commencement of commercial production.

The quantum of land shall be determined as per the project report appraised by the Financial Institutions/Banks.

**IV) Property Tax Incentive**

Exemption from payment of Property Tax shall be available to new units during the eligible period of availing incentive as shown in Table-3.15.

Projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall
also remain exempt from payment of property tax during the balance eligible period of availing incentive.

The incentive shall commence from date of commercial production.

**Table 3.15**

**Property Tax Incentive for New Agro/Food Processing and Hi-Tech Agriculture**

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Fixed Capital Investment</th>
<th>Quantum</th>
<th>Maximum eligible period from date of approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>Rs. 1 Crore to Below Rs. 25 Crore</td>
<td>100%</td>
<td>10 years</td>
</tr>
<tr>
<td></td>
<td>Rs. 25 Crore to Below Rs. 100 Crore</td>
<td>100%</td>
<td>10 years</td>
</tr>
<tr>
<td></td>
<td>Rs. 100 Crore and Above</td>
<td>100%</td>
<td>12 years</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

**V) Support for setting up of Centre(s) of Excellence/Agri-business Incubator(s)**

The State Government proposes to encourage setting up of centre of excellence/Agri-business Incubators to develop/standardize appropriate food processing technologies based on local produce for their commercial exploitation by entrepreneurs/producers. The centre will also have pilot plant/incubation facility for up scaling of technologies. Besides, the centre will provide training/vocational courses in agro processing to students/farmers/entrepreneurs. The centre will also undertake work like demonstration of good agronomic practices, domestic and international market certification, quality assurance, patenting, brand promotion, logistics etc.

The centre would be provided with financial assistance upto 25% of fixed capital investment, subject to a ceiling of Rs.2.50 Cr.
A Corpus of Rs. 35 Cr. will be created in the govt. to provide requisite financial assistance to such centres and other assistance as provided for in the Policy.

VI) **Subsidy on Domestic distant marketing and export of flowers, fruits & vegetables and import of planting material.**

Punjab Agro (PAGREXCO) has been providing following subsidies from the Corpus Fund being maintained by it for distant domestic marketing and exports of flowers, fruits & vegetables to the growers:

**A) Domestic distant marketing (200 kms. away from Punjab Border)**

Subsidy on waxing/grading: 50% of the cost of waxing/grading of kinnow

Subsidy on Pre-cooling-cum-cold storage: 50% of the cost pre-cooling & cold storage on fruits & vegetables

Subsidy on Packing Material: 25% of the cost of non-wooden packing material for all fruits & vegetables

Subsidy on Freight: 25% of the inland cost of freight for all fruits & vegetables

Subsidy on Freight (Reefer Vans): 25% of the inland freight cost of frozen fruits & vegetables (other than peas)

**B) Export of Flowers, fruits & vegetables**

Subsidy on Packing Material: 30% of the cost of non-wooden packing material for flowers, fruits & vegetables including frozen, processed and de-hydrated products

Subsidy on in-land Freight: 30% of in-land reefer cost of freight upto airport and/or sea port for flowers, fruits & vegetables including frozen, processed and de-hydrated products.

Subsidy on Air-Freight for partial load: 30% of air freight, subject to a maximum of Rs. 10/- per kg. For Asian countries and 25/- per kg. For other countries for flowers, fruits & vegetables including frozen, processed and de-hydrated products.
Subsidy on Air-Freight for full load: 50% of air freight, subject to a maximum of Rs. 20/- per kg. For flowers, fruits & vegetables including frozen, processed and de-hydrated products.

Subsidy on Sea-Freight: 30% of sea freight cost, subject to a maximum of Rs. 10/- per kg. for Asian countries and 25/- per kg. for other countries for flowers, fruits & vegetables including frozen, processed and de-hydrated products.

C) Subsidy on import of seed & planting material for Horticultural crops

Subsidy @ 50% of the landed cost in India including cost of planting material & freight

To run this scheme for next 5 years, the total financial obligation computes to Rs.11.75 Cr. The Government will infuse fresh funds for this purpose.

VII) Patent Registration Assistance

State Government will encourage individual organization in Government, private or cooperative sector in patent registration by providing financial assistance of 50% cost of patent registration with ceiling of Rs.5 lacs. Financial assistance for patent registration shall be paid out of the Corpus Fund

VIII) Research & Development

Agro/Food Processing Units are required to compete in domestic and global markets with stringent quality standards. Such units therefore are required to upgrade their technology and introduce modernization. The State Government will encourage R&D activities in the state. Assistance will be provided to agro/food processing units for sponsored research work undertaken by reputed research institutions, upto 50% of the cost, with a ceiling of Rs.10 lacs, which will be provided from the Corpus Fund
IX) Assistance for preparation of Detailed Project Report

The state govt. will provide assistance for preparation of Project Report for Carbon Credit and the unit getting carbon credits, to the tune of 50% of consultation charges, subject to a maximum of Rs.15 lacs, which will be provided from the Corpus Fund.

X) Assistance for Technical Know-how

Entrepreneurs acquiring technical know-how from any recognised National/State Level Institution to establish or expand their units, will be given financial assistance to the tune of 30% of the fees paid to the institution, subject to maximum of Rs.15 lacs, which will be provided from the Corpus Fund.

XI) Food Retailing

Food retail chains making a fixed capital investment of more than Rs.100 Cr. will be given exemption of mandi fee (2%) and rural development fund (2%) on purchase of fruits & vegetables from mandis/farmers within the State for a period of seven years.

XII) Units coming up in border districts will be given the concession limit of 125% of fixed capital investment, as against 100% for other areas. However, the total VAT and CST retention will not go beyond 100% in any case.

3.3.10 INCENTIVES FOR TOURISM SECTOR

I) VAT & CST Incentives:

Exemption from VAT/CST, Electricity Duty, Stamp Duty, Property Tax and the period of eligibility of the incentives is given in the Tables below:
### Table 3.16
VAT/CST Incentive for Tourism Sector

<table>
<thead>
<tr>
<th>Incentive/Investment</th>
<th><em>FCI Rs.10 cr to Rs.25 cr.</em></th>
<th>FCI above Rs.25 cr to Rs.50 cr</th>
<th>FCI above Rs.50 cr to Rs.100 cr</th>
<th>FCI above Rs.100 cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT/CST</td>
<td>40%</td>
<td>50%</td>
<td>60%</td>
<td>75%</td>
</tr>
<tr>
<td>Eligibility Period in Years</td>
<td>5</td>
<td>7</td>
<td>8</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

*Units, which have obtained a term loan from Financial Institution/Bank

The incentive shall be available during the eligible period from the date of approval of the unit.

**II) Electricity Duty**

### Table 3.17
Electricity Duty Incentive for Tourism Sector

<table>
<thead>
<tr>
<th>Incentive/Investment</th>
<th><em>FCI Rs.10 cr to Rs.25 cr.</em></th>
<th>FCI above Rs.25 cr to Rs.50 cr</th>
<th>FCI above Rs.50 cr to Rs.100 cr</th>
<th>FCI above Rs.100 cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Duty exemption</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Eligibility Period in Years</td>
<td>5</td>
<td>7</td>
<td>8</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

*Units, which have obtained a term loan from Financial Institution/Bank

a) Exemption from payment of Electricity duty on power, including captive power consumed by the same unit or exported to PSPCL shall be available to new units, with the proviso that any contributions made out of the electricity duty levied, such as those deposited in the Social Security Fund, shall not be exempted

b) This incentive shall be available during the eligible period from the date of approval of the Unit
c) This incentive shall commence only after the date of operation

d) Electricity Duty exemption is not available on captive power exported to entities other than PSPCL

III) Stamp Duty

<table>
<thead>
<tr>
<th>Table 3.18</th>
<th>Stamp Duty Incentive for Tourism Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive/Investment</td>
<td>*FCI Rs.10 cr to Rs.25 cr.</td>
</tr>
<tr>
<td>Stamp Duty exemption</td>
<td>50%</td>
</tr>
<tr>
<td>Eligibility Period in Years</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab
Note: *Units, which have obtained a term loan from Financial Institution/Bank

a) Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted.

b) This exemption shall be available for real estate purchased/leased within a period of 3 years from Date of Approval.

c) Refund of Stamp duty shall be allowed for all real estate which has been purchased/leased up to 3 years prior to the date of submission of application form, by the same entity. The refund, however, will be given only after the date of operation.
IV) Property Tax :

**Table 3.19**  
Property Tax Incentive for Tourism Sector

<table>
<thead>
<tr>
<th>Incentive/Investment</th>
<th><em>FCI Rs.10 cr to Rs.25 cr.</em></th>
<th>FCI above Rs.25 cr to Rs.50 cr</th>
<th>FCI above Rs.50 cr to Rs.100 cr</th>
<th>FCI above Rs.100 cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax exemption</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Eligibility Period in Years</td>
<td>5</td>
<td>7</td>
<td>8</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

*Units, which have obtained a term loan from Financial Institution/Bank

a) Exemption from payment of Property Tax shall be available during the eligible period of availing incentives

b) Projects whose real estate subsequently falls on extension of limits in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of Property Tax during the balance Eligible Period of availing incentives

c) This incentive shall commence only after the date of operation

V) General Conditions:

a) The maximum limit of the sum of all incentives (VAT, CST, Electricity Duty, Stamp Duty, Property Tax, Market Fee, Rural Development Cess, Infrastructure Development Cess etc.) as provided in this Policy that can be availed under this Notification, shall not exceed 100% of Fixed Capital Investment (FCI)

b) The proponent shall submit an application, in the prescribed format for appointment of these incentives. Further, the Eligibility Letter
issued on approval of the Project, shall contain full details with regard to the apportionment of such incentives

c) A sum equal to 1% of the Fixed Capital Investment (FCI) shall be contributed into the Punjab State Cancer & Drug Addiction Treatment Infrastructure Fund Act, 2013. Such contribution shall be made in the relevant head by the proponent before issue of the Eligibility Letter

d) The incentives available under this Notification shall be effective from 1st April, 2013

VI) Green Hotels:

Hotels which have obtained a green building certificate as per the approved standards and certified by Punjab Energy Development Agency (PEDA).

These units will avail 5% extra VAT/CST incentives in addition to the benefits admissible under different slab categories of investment, but not exceeding maximum available incentives under category 4 (above Rs.100 crores investment)

3.3.11 INCENTIVES FOR HEALTH SECTOR

I) Definition of new Health Sector Project

Hospitals, Poly-clinics, Diagnostic Centres, Hospitals attached with the Medical Colleges and Medical Research Institutes

II) Applicability

All incentives will be admissible to those new health projects including Public Private Partnership Projects (excluding government projects), which are registered with the Department of Health and Family Welfare. The State has been divided into the following zones
### Table 3.20
Zones for New Health Sector Project

<table>
<thead>
<tr>
<th>Zone – 1</th>
<th>Zone -2</th>
</tr>
</thead>
</table>
| (i) Districts of Sangrur, Barnala, Mansa, Faridkot, Muktsar, Ferozepur, Fazilka, Gurdaspur and Tarn Taran.  
(ii) Districts of Bathinda (outside Municipal Limits of Bathinda City) and Pathankot (outside M.C. Limits of Pathankot City). | (i) Districts of Fatehgarh Sahib, Hoshiarpur, Moga, Nawanshahar and Ropar  
(ii) Districts of Patiala (outside Municipal Limits of Patiala City), Ludhiana (outside Municipal Limits of Ludhiana City), SAS Nagar (outside Municipal Limits of SAS Nagar City), Amritsar(Outside Municipal Limits of Amritsar City), Jalandhar (outside Municipal Limits of Jalandhar City) and Kapurthala (outside Municipal Limits of Phagwara City), Pathankot City and Bathinda City |

Source: Investor Incentive Policy 2013, Government of Punjab

Note: No incentive will be available for investment in Amritsar City, Jalandhar City, Mohali City, Patiala City and Phagwara City.

### Table 3.21
Slabs of Investment for New Health Sector Project

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Category–1 (Rs. In Crore)</th>
<th>Category–2 (Rs. In Crore)</th>
<th>Category–3 (Rs. In Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone – 1</td>
<td>5 and upto 10</td>
<td>More than 10 and upto 50</td>
<td>More than 50</td>
</tr>
<tr>
<td>Zone – 2</td>
<td>25 and upto 50</td>
<td>More than 50 and upto 100</td>
<td>More than 100</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

### III) VAT and CST Incentives

VAT & CST incentive shall be available to new projects as per following details
### Table 3.22

**Table 3.22 VAT/CST Incentive for New Health Sector Project**

<table>
<thead>
<tr>
<th>Zones</th>
<th>Investment Category</th>
<th>Category – 1</th>
<th>Category – 2</th>
<th>Category – 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone – 1</td>
<td>VAT &amp; CST Incentive</td>
<td>45%</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>Period of Incentive</td>
<td>6 years</td>
<td>8 years</td>
<td>10 years</td>
</tr>
<tr>
<td>Zone – 2</td>
<td>VAT &amp; CST Incentive</td>
<td>40%</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Period of Incentive</td>
<td>6 years</td>
<td>7 years</td>
<td>7 years</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

### IV) Stamp Duty Incentive:

a) Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with DoH&FW, with the proviso that any other charges such as Social Security Fund as levied in schedule1-B of the Act or other contributions under any other Act shall not be exempted. The exemption of Stamp Duty will be as per following details

### Table 3.23

**Stamp Duty Incentive for New Health Sector Project**

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Category – 1</th>
<th>Category – 2</th>
<th>Category – 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone – 1</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Zone – 2</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

b) This exemption shall be available for real estate purchased/leased within a period of 3 years from date of approval

c) Refund of Stamp duty shall be allowed for all real estate which has been purchased/leased upto 3 years prior to the date of submission of application form, by the same entity. The refund, however, will be given only after the date of operation
d) The quantum of land shall be determined as per the project report appraised by the Financial Institution/Bank/State Government or its agencies involved in PPP project investments

V) Electricity Duty Incentive:

a) Exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same project or exported to PSPCL, shall be available to new projects, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund or State Cancer and Drug Addiction Treatment Infrastructure Fund shall not be exempted. The exemption of Electricity Duty Incentive will be as per following details

<table>
<thead>
<tr>
<th>Zones</th>
<th>Investment Category</th>
<th>Category – 1</th>
<th>Category – 2</th>
<th>Category – 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone – 1</td>
<td>Electricity Duty</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Period of Incentive</td>
<td>6 years</td>
<td>8 years</td>
<td>10 years</td>
</tr>
<tr>
<td>Zone – 2</td>
<td>Electricity Duty</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Period of Incentive</td>
<td>6 years</td>
<td>7 years</td>
<td>8 years</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

b) This incentive shall commence only after the date of operation. However, eligibility period shall commence from date of approval

c) Electricity Duty exemption is not available on Captive Power exported to entities other than PSPCL

VI) Property Tax Incentive:

Exemption from payment of Property Tax shall be available as per following details:
Table 3.25
Property Tax Incentive for New Health Sector Project

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Category – 1</th>
<th>Category – 2</th>
<th>Category – 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone – 1</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Zone – 2</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Source: Investor Incentive Policy 2013, Government of Punjab

Projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of Property Tax during the balance Eligible Period of availing incentives, as mentioned above

This incentive shall commence only after the date of commencement of operations

VII) Change of Land Use:

No CLU charges for hospitals and Medical Colleges (including hospitals attached with Medical Colleges)

VIII) General Provisions:

a) Fixed Capital Investment (FCI) shall mean the investment incurred on building, plant & machinery and equipment

b) Fixed Capital Investment (FCI) for grant of incentive will be based on the unit investment and not as a chain of units

c) The quantum of Fixed Capital Investment (FCI) shall be determined from the Date of submission of application to the concerned Nodal Agency. Thus, any investment made prior to the date of submission of application shall not be included as eligible FCI for the purpose of determining eligibility for incentives

d) The availing of incentives will cease either on the exhaustion of the applicable quantum or on the completion of the Eligible Period, whichever is earlier
e) The Maximum limit of the sum of all incentives (VAT, CST, Electricity Duty, Stamp Duty, Property Tax and CLU charges etc.) as provided in this Policy that can be availed under this notification shall not exceed 100% of Fixed Capital Investment (FCI)

f) The actual Fixed Capital Investment as well as FCI reflected in the Financial Institution / Bank Appraised Project Report shall have to be certified by a Chartered Accountant

3.4 Enterprise Promotion Policy 2015, Haryana

3.4.1 Single window service under one roof for time bound clearances:

SWS with online approvals through e-biz portal, deemed clearances and Right to Service will be created. It will be two-tier system for project clearances: -

**a)** A Haryana Enterprise Promotion Board (HEPB) will be created. The Board will have a Governing Council headed by Hon'ble Chief Minister for overseeing time bound clearances, sanctioning special packages for mega projects and approving any policy initiative(s). The Council would comprise Finance Minister, Industries Minister, Tourism Minister, Public Works Minister, Labour Minister, environment & Forests Minister, Chief Secretary, PSCM and Industries Secretary as member Secretary.

**b)** Projects with investment more than Rs. 10 crore and involving CLU cases of more than one acre land will be cleared by the Empowered Executive Committee of the Council under PSCM with administrative secretaries of T&C Planning, Industries & Commerce, PH ED, Environment, Forests, PWD (B&R) & Finance. The Empowered Executive Committee will exercise concurrent powers of competent authorities of 12 departments. The EC will work under the overall supervision and guidance of HEPB headed by CM. Principal Secretary Industries will be the CEO of the HEPB with Director of Industries as the Deputy CEO. The Secretarial support to the HEPB and
Empowered Executive Committee will be provided by the secretariat headed by CEO of HEPB.

c) Projects with investment upto Rs. 10 crore and CLU cases upto one acre in conforming zones will be cleared by District Level Clearance Committee headed by Deputy Commissioner.

The statutory backing will be provided for this implementation mechanism by enacting special legislation within a period of three months through a revised/revamped Industrial Promotion Act.

A system of online clearances will be put in place by creating an e-biz Haryana portal where Composite Application Form can be submitted by an investor for 64 services with most frequent industry interface for seeking/securing online clearances/sanctions/permits/NOCs with effect from 1st October 2015. This mechanism will be put in place within a period of three months. All these services shall be delivered within 60 days except wherein the clearances are required from GOI.

Haryana being one of the pilot States is already in advanced stage of implementing e-biz portal in collaboration with Department of Industrial Policy and Promotion, GOI wherein integration of 24 States services across the Departments is under implementation. The online integration of these 24 services will be completed before 31st December 2015.

85 services relating to industrial activity have already been notified under the Right to Service Act and 34 more would become functional from 1st October 2015. All these services will also be notified under the revised Industrial Promotion Act for making a provision of deemed clearances which as mentioned above is proposed to be legislated within three months.

3.4.2 Simplified mechanism for issue of industrial licences/change of land use:

- **No CLU/Auto CLU:**

Under this dispensation, in 31 blocks, there would be no need to obtain CLU/NOC for setting up of Industrial Units. In 75 blocks there will be provision of
Auto CLU with an automatic dispensation of deemed clearance in case the competent authority does not decide or grant the CLU within the prescribed timeline under the Right to Service Act after submission of the requisite documents as per the checklist to be displayed on the e-biz portal. In addition to this, in case of Thrust Area/ Focus Cluster/ Rural Functional Clusters, CLU/ license will be permissible in agriculture zone also subject to certain condition & guidelines to be notified by TCP department within a period of one month. Necessary notification for deemed clearances under the revised Industrial Promotion Act and Right to Service Act will be made by 1st October 2015.

- **Private Industrial Parks:**

In view of enactment of "Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR Act, 2013)", the land acquisition of Industrial Estate by Government Agencies will become increasingly difficult and time consuming. Therefore, the policy seeks to encourage creation of private Industrial Parks. The provision of grant of industrial license for creation of industrial parks has been in existence since 2001, but the actual number of fully functional private Industrial parks, is not more than 6.

All the approvals pertaining to private industrial parks will be granted by Empowered Executive Committee of Haryana Enterprises Promotion Board. Special dispensation would be provided including provision for lower thresholds for Industrial Licenses, higher FAR, mixed land use and reduced EDC, with additional provision of granting delegated powers/authority for Estate Management to promote industrial development at par with HSIIDC. A special provision has been made for affordable housing in Industrial parks that will not only facilitate walk to work culture but also will make private industrial parks viable with possibilities of cross subsidizing cost of industrial plots.

- **Estate Management Procedures (HSIIDC/HUDA):**
i. Liberalized EMP of HSIIDC will be notified in one month with provision of self certification, third party verifications, and online approval/clearances. Similar EMP for approvals/clearances will be implemented by HUDA in its Industrial Estates. The EMP for both HUDA and HSIIDC will be uniform. HUDA will also undertake notification of the EMP in one month and provide comprehensive online clearances by October 2015.

ii. The allotment of plots will be transparent and based on objective criteria.

3.4.3 Making Enterprise Competitive

The cost of manufacturing is vital to the decision for setting up industry at a location. While implementation of the Single Window System is expected to facilitate approvals to the industry, the cost of Doing Business in the State is further sought to be minimized through a slew of measures as defined under

- **Minimizing Cost of Doing Business:**

No enhancement will be charged to the allottees for allotments to be made by HSIIDC in future. A suitable scheme in this regard will be notified by HSIIDC before 1st October 2015.

A slew of fiscal incentives have been proposed for both Large & Medium and MSME Units, albeit on a calibrated scale, with significantly higher incentives for MSME in general and for thrust areas or focus sectors, rural functional clusters, defense/ aerospace/ ESDM sectors and extremely backward blocks (D-category) in particular. Summary of Incentives is given under Chapter of Incentives.

85 crore fund is proposed for creating zero liquid discharge facility for textile processing industry in Panipat in HUDA Industrial Estate by leveraging Government of India Scheme for this purpose.

Industrial Workers Housing would be developed by leveraging the Pradhan Mantri Awas Yojana, which provides for subsidy and interest subvention for low cost housings.
• **Enhancing Productivity:**

Skill Development: Ministry of Skill Development has identified Training Providers (Airtel/ILFS etc.), whose support would be solicited by offering them land and building in existing ITIs/Government Institutions on nominal lease with minimum guarantee of 70% placement of the outgoing batch of students. The Training Providers would be required to arrange equipment/faculty and design the curriculum duly approved from the Sector Skill Councils/ National Skill Development Agency/ Haryana Skill Development Mission. Any Industry or skill development institute can devise short term/medium term courses and get those approved from Haryana Skill Development Mission and run these courses with the minimum guarantee of 70% placement by using the above infrastructure. The Private ITIs would be encouraged to share their infrastructure on long term lease basis with the Industry for imparting skill training. In addition, the existing infrastructure facilities in the Government Institutes would be utilized for skill delivery through double shift or weekend classes. The State would leverage the Government of India Schemes under the Skill India initiative.

The Haryana Skill Development Mission (HSDM) has been established to steer the Skill Development initiatives in the State. The Engineering Colleges, ITIs, Polytechnics etc. would also be encouraged to accord 3rd Party Certifications on behalf of various Government Departments. Setting up of skill development institutes for industry would be permitted in the plots developed by HSIIDC/ HUDA/ Private Industrial Estates. Virtual Employment Exchange would be set up to act as the matchmaking platform for the Industry and the skilled manpower. Emphasis will also be laid on creation of the skills for the services sector. The State Government will set up Skill Development University in collaboration with Ministry of Skill Development, GOI.

• **Tool Rooms**

Tool Rooms/ Technology Development Centres at IMT, Rohtak and Growth Center Saha will be established within two years. Additional Tool Rooms/
Technology Development Centres are proposed to be set up in Gurgaon & Faridabad also. Quality Marking Centres will be converted into Quality Certification and Skill Development Centres with the assistance of Ministry of MSME, GOI.

3.4.4 Support to ESDM/IT/ITES Sector:

Innovation Campus: Setting up of Innovation Campus at Gurgaon at cost of Rs. 4 crore and operational expenditure support of Rs. 1 crore for three years in collaboration with NASSCOM in Hub and Spoke Model with creation of additional seven incubation centers at the cost of Rs. 30 lakh each in 7 universities in Haryana.

Mobile Applications Development Centre: Setting up of Mobile Application Development Centre with initial capital expenditure of Rs. 4 crore and operational expenditure support of Rs. 1 crore for three years in Gurgaon in Haryana in collaboration with Internet and Mobile Association of India. Both the initiatives will provide phenomenal boost to entrepreneurial talent to skilled youth.

Rural BPOs: To promote skill development and rural employment, GOI Scheme of Rural BPOs in Tier II and III cities/ towns will be suitably leveraged. Subsidy support of Rs. 1 lakh per seat by offering flatted factory complexes developed on HSIIDC/ Panchayat land on long time lease arrangement with the company. To begin with Rural BPOs centers will be set up in University towns like Rohtak, Hisar, Kurukshtera, Sonipat and Sirsa where appropriate skill development training will also be provided to rural/ urban youth by taking advantage of skill development schemes of Ministry of Skill Development, GOI and utilizing services of skill training partner empanelled by Government of India/ Haryana Skill Development Mission.

National Optical Fibre Network (Bharat Net): Leveraging Government of India scheme to provide high speed broadband internet connection of 100 mbps to 6000 villages.
Others: 50% top up support for infrastructure over and above that provided by the DEITY to Brownfield and Greenfield Electronics Clusters would be provided by the State. The GoI has notified The Gurgaon-Manesar-Bawal belt and Panchkula-Barwala as Brownfield Clusters.

3.4.5 Policy To Address The Specific Issues

Support to the Traditional Clusters: Haryana has traditionally been a market leader in a number of products, however over the years due to various factors including lack of focus on technology up-gradation, Government support etc., these clusters have lost their competitive edge. In order to reposition these clusters and increase their competitiveness, there is a need to assess the gaps and identify specific interventions, which may include creation of common facility centres, Testing Laboratories/facilities, Technology up-gradation, common brand building & marketing, product design & quality improvement, capacity building & productivity improvement etc. It is expected that these initiatives would turn around these clusters and allow them to regain their lost leadership position. The following clusters have been identified for special focus:

1) Handicrafts
2) Plywood Cluster at Yamunanagar
3) Scientific Instruments Cluster at Ambala
4) Metal Utensils Cluster at Jagadhri
5) Textile Cluster at Panipat
6) Agriculture Implements Cluster at Karnal

Detailed Schemes identifying specific interventions would be brought out latest by 1st October 2015.

Rural Functional Clusters:

The Rural Functional Clusters in Apparel and Footwear are being supported through flatted factory complexes on lease basis on panchayat lands, 24X7 power supply, reduced power tariff, employment generation subsidy and last mile connectivity through Industrial Infrastructure Development Fund, permission for CLUs in Agri zones in B, C & D category blocks.
Focus/Thrust Sector Clusters:

The Focus/Thrust Sectors Clusters in Agro Processing & Textiles are being supported through reduced power tariff, employment generation subsidy and last mile connectivity through Industrial Infrastructure Development Fund permission for CLUs in Agri zones in B, C & D category blocks.

3.4.6 Facilitating Balanced Regional Development

The Policy emphasizes on the need for a balanced regional growth across the State. This would be strategized through fiscal Incentives that assist dispersal of the industry to the industrially backward areas of the State and infrastructure led geographical dispersal driven by Mega Projects and Industrial Corridors

Incentives led geographical dispersal: For promoting geological dispersal of industry, the State has been divided into four categories of Development Blocks viz. A, B, C and D based on the level of industrialization and level of economic development. The category of incentives, namely, VAT remission, interest subsidy, electricity duty exemption, stamp duty refund etc. will be provided in the B, C & D category blocks along with the additional incentives of providing infrastructure support in terms of road connectivity, water and power availability to mega projects/ clusters of industrial units located in the backward and extremely backward blocks.

In addition, in B, C & D-category blocks, special incentives have been provided for the thrust areas/ focus clusters i.e. textiles and food processing industry utilizing raw material produced in the State. Similarly for rural functional clusters i.e. apparel, footwear and dairy promoting decentralized production in rural areas and utilizing traditional skill of women/ rural artisan, with appropriate skill development support resulting in large scale employment and income enhancement.

3.4.7 Infrastructure Led Geographical Dispersal

- State industrial corridors:
Manufacturing and Industrial corridor will be created in medium to long term by appropriately leveraging the eastern and western dedicated freight corridors such as AKIC and DM IC respectively. For this purpose infrastructure led investment approach will be adopted through creation of trunk infrastructure (roads, power and water) in these corridors for the industrial clusters/ mega projects located in influence zones of these corridors. In addition Jhajjar has been identified as Nodal District by Ministry of Commerce and Industry, Government of India for development of Industrial Corridor in and around this district with active collaboration and support of Japanese International Funding Agencies. This will be suitably leveraged for the purpose of developing industrial corridors in this region.

Connectivity in Infrastructure policy of the State of Haryana will be suitably amended to ensure easy and expeditious clearances for installing infrastructure of telecom cluster to provide reliable telecom and broadband connectivity in the State.

A mapping of the districts would be undertaken based on the survey of the MoMSME to identify the potential of each district and to encourage local entrepreneurs to jointly establish group/cooperatives in each District to set up manufacturing units.

The Kundli-Manesar-Palwal Expressway project, 135 kilometer long expressway around Delhi, has been fast-tracked. Work on the Manesar-Palwal Section has been started and on the Kundli Manesar Section has been awarded under BoT (annuity). The project is expected to be completed within 3 years. The 1 kilometres belt on the either side of the KMP Expressway has been designated as Controlled area. A Development Plan for the corridor would be prepared to leverage the potential of this mega project for development of various theme parks and industrial hubs (e.g. auto, tourism, entertainment, logistics, medical services/ biotechnology hubs) along the entire stretch as KMP Global Economic Corridor.
The new expressway announced by the Union Ministry of Road Transport & Highways from Delhi going through Sitana, Safidon, Pundri etc. entering Punjab will also be leveraged.

- **Maha Nivesh Yojana:**

  The State would support development of Iconic Projects in manufacturing enterprises, Tourism, Logistics, Wholesale markets etc. which bring in mega investments into the State and have a cascading impact on the local economy in particular and the State economy in general and generate large scale employment opportunities through a special dispensation including mixed land use. Land may be allotted to such projects to be developed on land area of minimum 500 acres with a minimum investment of US$ 1 billion (Rs. 6000 crore) at a price to be decided by the State Government. The 'Swiss Challenge Method' may be adopted for price discovery in a transparent manner. Such projects would also be eligible for special package of incentives through the Haryana Enterprise Promotion Board.

- **Land Bank for the Industry:**

  Haryana State Industrial & Infrastructure Development Corporation Limited:

  HSIIDC will continue to be the Nodal Agency of the State for development of Infrastructure in the State. The future growth plan of HSIIDC would include development of Industrial Model Townships at Bidhal Lath Gohana (about 6000 acres) and Madina (about 3400 acres) under the PPP Model including the JV Model, and Industrial Estate at Dharuhera, besides expansion of a number of exiting Industrial Model Townships and Industrial Estates. New Industrial Clusters have also been planned including Textile Park at Panipat; Mega Food Park at Barhi; Greenfield Electronics Cluster at Gurgaon/ Rohtak; Leather Cluster at I MT Sohna.

  To facilitate Geographical dispersal of industry, HSIIDC would explore the possibility of setting up new Rural/MSME Parks in industrially backward/ extremely backward blocks of the State on Panchayat lands.
In addition, the State Government would earmark a sum of Rs.50 crore annually for up-gradation of pre-defined critical infrastructure in Old Industrial Estates/Areas.

HSIIDC would endeavour to form special purpose vehicles with Industry Associations for O&M activities in the Estates.

Up-to 25% plots would be earmarked for identified services in the Industrial Estates.

A scheme would be developed for inviting collective cluster based warehousing/ wholesale markets to set up base in the State including industrial estates to help decongest Delhi.

In order to create additional land bank for the industry, HSIIDC would explore and devise Scheme(s) for procurement of land through negotiation/collaboration/pooling or other mechanisms.

Creation of additional Land Bank for the Industry in Private Sector

In order to supplement the efforts of HSIIDC in creation of Industrial Estates, the State would encourage involvement of the Private Sector in development of the Industrial parks. The State would encourage development of Industrial Parks by the private sector by way of simplified Industrial Licencing, reduced EDC and permitting mixed land use.

HSIIDC has identified two sites — about 6000 acres at Bidhal Lath Gohana District Sonipat and 3000 acres at Madina, Tehsil Meham, District Rohtak, for development of Industrial Model Townships under the PPP.

- **Virtual Land Bank**

A virtual Land Bank Exchange would also be created to act as the platform for sourcing land for industry/projects. The landowners interested in sale/leasing of land would be able to upload details of their lands for access by the industry.

- **Mega Projects:**
A few initiatives have been planned under the Delhi Mumbai Industrial Corridor Project, which includes development of Global City in Gurgaon with investment potential of Rs. 1 lakh crore along with provision of World class exhibition-cum-convention center over 250 acres; MRTS between Gurgaon-Manesar-Bawal (investment of approx. Rs 20,000 crore) and Integrated Multi Modal Logistics Hub (IMLH) with investment of Rs. 5,000 crore in collaboration with the DMICDC. Locational Analysis are being undertaken to finalize the site for the IMLH project in Southern Haryana along the alignment of the Dedicated Freight Corridor and a few other sites in its vicinity. Aviation Hub: The existing airstrip at Hisar will be developed as an Aviation Hub which will include setting up of a Maintenance Repair and Overhaul (MRO), Fixed Base Operations (FBO) and Aerospace & defense manufacturing facility. A detailed project report-cum-feasibility study will be undertaken for the project to finalize the contours of the project.

The Government of India scheme under Ministry of Petroleum, Chemical and Fertilizer and Textile would be suitably leveraged for creation of downstream petro-chemical hub and Plastic Park in vicinity of Indian Oil Corporation Refinery at Panipat.

Special incentives have been proposed for creation of mega projects/ mother units in aerospace/ defense sectors and ESDM sector at par with incentives proposed in extremely backward blocks (D Category).

A Scheme will be framed for development of Truckers Parks/Logistics Parks with all necessary facilities.

Power:

Haryana is a power surplus State and it will continue to be the same due to advance planning in procurement and generation of power. About RS.20,000 crore has been proposed for investment in the transmission and distribution infrastructure over the next a few years. There will be no dearth of power availability in the State and 24X7 power supply to the industrial and commercial units will be ensured. The major initiatives include:

- Independent sub-station in each Industrial Estate for supply of power;
• Reduction in general cross subsidy surcharge under Open Access from Rs. 2 to 93p per unit.
• Rebate of Rs. 2 per unit or exemption from the surcharge for Rural Clusters;
• Pilot initiative would be undertaken in a town in the State within the next 6 months for SUN (Saur Urja Nivesh):
• A pilot initiative of a Solar Park is being taken by HSIIDC jointly with HPGCL;
• No cross subsidy would be applicable in case of power from the Solar parks set up in the State;
• To promote Industrial Clusters in specific regions, special lower tariffs/rates are being charged;
  • The developers of the Industrial Estates would be designated deemed Distribution Licensees for supply of power within the Parks;

3.4.8 Supporting The MSME Sector

A vibrant Micro, Small and Medium Enterprise Sector (MSME) is critical for investment, growth and employment generation in both rural and urban areas as it is relatively less capital intensive and more labour intensive. The 'Make in India — Made in Haryana' goal requires adoption of a comprehensive approach to assist the MSME Sector in becoming globally competitive by producing zero defect products. Various Schemes of the MOMSME have been identified for the purpose, which would be leveraged to support this sector. Following interventions have been envisaged under the policy to mitigate various MSME issues:

• Adequate number of smaller plots/developed sheds/flatted factories in Industrial parks for MSMEs on Panchayat lands on lease basis;

• Cluster development approach;

• Creation of a Rs.1000 crore fund for under the CGTMSE Scheme of Government of India for collateral free loans;
• Technology and R&D Support & Skilling support — Technology upgradation, Design clinics, Tool rooms/Technology Development Centres, revamped Quality Marking Centres etc.;

• Market development Initiatives — Market access, Market facilitation etc.

• Bulk of the fiscal incentives proposed under this Policy is for the MSMEs.

3.4.9 Support To Manufacturing Enterprises:

• Cluster Development:

More than 20 clusters have been identified for development/support across the state involving more than 6000 MSMEs. The diagnostic study reports have been prepared for 18 clusters & Detailed Project Reports have been completed for ii clusters for establishing common facilities out of which 5 have already obtained Final sanction for funding support from the MOMSME. Major clusters in the state include Gurgaon Leather, Faridabad light engineering, Manesar Auto components, Gurgaon readymade garments, Karnal printing & packaging, Karnal Agri implements, Panipat Textile Machinery, Yamunanagar Engineering, Kundli Stainless Steel, Karnal Pharmaceuticals, Plywood Custer Yamuna Nagar, Metal Cluster Jagadhri etc. In addition to the above, the additional support would be provided by the State over & above the schemes of the Government of India:

In addition to the above, the additional support would be provided by the State over & above the schemes of the Government of India:

i) Cluster Support - GOI implements MSE-CDP scheme for creating common facility centre with investment upto maximum of Rs.15.00 Crore for a group of atleast 20 existing industries in a cluster with Financial Support (GOI:State:SPV - 70:10:20). The State will provide 20% share for each cluster over and above its share of 10% whereas SPV will contribute only 10% share in place of 20%. State Govt. will also contribute 30% of the cost of the project exceeding Rs. 15.00 crore (upto maximum of Rs 20 crore)
ii) State Mini Cluster Development Scheme — State Mini Cluster Scheme for creating Common Facility Centre (CFC) for a group of at least to existing units with funding pattern of 90% State contribution and 10% SPV for project cost up to Rs. 2 Crore.

iii) Critical Infrastructure Scheme — State shall introduce new scheme for creating basic infrastructure need of industries with funding pattern of 80% State share restricted to Rs. 1.6 crore: 20% SPV of project cost up to Rs. 5 Crore in conforming zone within controlled area and anywhere outside the controlled area.

- Rural Functional Clusters

The Rural Functional Clusters in Apparel and Footwear are being supported through flatted factory complexes on lease basis on panchayat lands, 24X7 power supply, reduced power tariff, employment generation subsidy and last mile connectivity through Industrial Infrastructure Development Fund, permission for CLUs in Agri zones in B, C & D category blocks.

Focus/Thrust Sector Clusters:

The Focus/Thrust Sectors Clusters in Agro Processing & Textiles are being supported through reduced power tariff, employment generation subsidy and last mile connectivity through Industrial Infrastructure Development Fund, permission for CLUs in Agri zones in B, C & D category blocks.

3.4.10 Institutional Support to the MSME Sector:

The Directorate of Industries would prepare a compendium of all the application forms and formalities/ procedures for setting up of an industry and filing of subsequent returns. The District Industry Centres would be strengthened and re-positioned as Enterprise Assistance Group to provide all necessary support to the MSMEs right from 'Inception to Operation' including funding from Mudra Bank, identifying triggers for corrective action and preparing Corrective Action Plans etc. These Groups would be suitable strengthened by positioning professionals/ consultants specializing in Finance, Marketing, Operations, etc.
The Directorate of Industries would set up a dedicated cell for MSMEs for an effective interface with the Ministry of MSME and the MSMEs.

3.4.11 Other support:

- **Exit Policy:**

  The State Government will work closely with the Government of India in formulation and adoption of an Exit Policy for the MSMEs.

- **E-Commerce Portal**

  An e-commerce portal for online trading, marketing of MSMEs/ Khadi/ Handicraft products will be set up within six months. Financial provision of Rs. 10 crore will be made for this purpose.

- **Awards Scheme** shall be put into place to motivate the MSMEs. Preference will be given to the MSMEs in the State in Government procurement. Entrepreneurship Development Programs shall be conducted through MOMSME for encouraging entrepreneurship.

3.4.12 Services Sector

The Services sector in the State has shown a steady growth, the high potential of the sector has not been effectively utilized, despite the fact that its contribution to State GDP is much higher than the manufacturing sector — 57% as against 27%. This can be effectively utilized for enterprises development and job creations. The role of the Services Sectors gains importance due to the GST regime coming into effect.

In line with the vision of this Policy, which aims at positioning Haryana as a preeminent business location and in order to shape Haryana's new model of development for faster economic growth, the Government will give equal importance to the Service Sector.

Status of industry will be accorded to service enterprises having investment more than Rs. 10 crore in building & equipment viz. Healthcare, Education (Skill Development, Training-cum-incubation centres), IT, Tourism, Logistics/ warehousing (cargo handling services etc), Bulk Courier Services,
Industrial R&D Labs, Industrial Testing Labs, Engineering & Design Services, Equipment rental & Leasing (construction & industry related), Equipment maintenance & repair, environmental services (sewage/refuse disposal), etc. for the purpose of availing fiscal.

All service enterprises falling under MSM Es category which provide services directly to the manufacturing sector will also be eligible for incentives at par with the manufacturing MSM Es.

Upto 25% of the plots in Industrial estates will be earmarked for identified services which support the manufacturing activities for which detailed scheme will be framed.

Government will strive to introduce demand and market driven curriculum in professional institutions for developing skilled and efficient manpower for Services Sector particularly for creation of the matching soft skills.

3.4.13 Estate Management Procedures

Over the years, the HSIIDC has assumed the role of nodal agency of the State Govt. for promotion of industrialization in the State. HSIIDC has been laying down its Estate Management Procedures in tandem with the industrial policy. As such, the HSIIDC would revise its Estate Management Procedure in line with the economic environment and aspirations of the industry and notify its Estate Management Procedure to be known as EMP-2015.

The EMP-2015 would address the parameters for allotment, reservation and priority in allotment of industrial plots and other related matters concerned with Management of industrial estates. The government has taken following policy decision in this behalf:

i) The existing industrial estates have been grouped under three categories namely ‘A’, ‘B’ and ‘C’ respectively which may be revised from time to time.

ii) HSIIDC has formulated a transparent evaluation criteria to evaluate the applications received for allotment of industrial plots.
iii) Separate windows would be created for allotment of industrial plots to cater to different categories of entrepreneurs such as;

a) Mega projects involving fixed capital investment (i.e. land, building, plant and machinery and misc. fixed assets) of Rs. 100 crore and above or projects involving employment generation of more than 200 persons and serving as anchor units for proliferation of ancillaries shall be considered under this category.

b) Proposals involving fixed capital investment of Rs. 50 crore, 40 crore and Rs. 30 crore for category A, B & C estates respectively shall be considered as prestigious projects category, eligible for allotment of industrial plots under on-going basis.

c) Well known Central/State Govt. PSUs would be considered for allotment of industrial plots under fast track scheme.

d) In unsaturated estates, 10% of the industrial plots would be reserved for allotment to NRI/FDI cases and 2% for persons with disability.

As a general rule, wherever the number of applications received are more than the number of plots offered for allotment, the allotment would be made through limited e-auction. Further, after 90% of the area of carved out industrial plots has been allotted, each sector/phase of the estate shall be declared as saturated.

The allotment price would be revised on 1st of April of each year by the Board of Directors by the Corporation. Subsequently, the price shall be revised from time to time by MD/HSIIDC taking into consideration the weighted average of auction price during the last auction.

The HSIIDC would simplify its Estate Management Procedure and lay greater emphasis on efficient delivery of its services through e-governance
platform. The Government is considering following post allotment services for liberalization, subject to certain conditions:

a) Increase in period for project implementation with extension fee, for general category plots.
b) Liberalization of norms for leasing, renting, transfer of plot, change of project and surrender of plot.
c) Greater emphasis on self-certification and deemed approval with strict penalties for noncompliant cases.

One time Voluntary disclosure & Amnesty scheme:

It has been noticed that the old allottees have committed certain violations of terms and conditions of allotment pertaining to unauthorized transfer, unauthorized leasing, change in constitution etc. Such allottees are not coming forward either due to ignorance or for fear of payment of penalties. The HSIIDC would come out with a One Time Amnesty Scheme for regularization of such cases subject to the restrictions stipulated in the scheme itself.

3.4.14 Promotion Of Thrust Sectors

The Haryana State Government has conducted detailed studies through Sectoral Committees and consultations to identify the competitive strength/advantages of the State given its geographical location, available resources and skill-base, raw material availability, existing manufacturing practices and expertise, and growth potential and Sunrise areas offering new growth opportunities, vis-a-vis different Sectors. Accordingly, the Haryana Government recognizes the following thrust areas, investments in which will be accorded a higher priority. These areas would include the following:

Auto, Auto Components & Light Engineering:

The automobile industry is an important sector for any State. The upstream and downstream supplier opportunities have a great potential to boost the light engineering MSME sector too. Maruti Suzuki plants at Gurgaon & Manesar, Honda two-wheeler Plant at Manesar and Hero MotoCorp's
motorcycle Plant at Gurgaon/Dharuhera are the anchors which have facilitated the growth in the automobile and automobile components sector and would catalyze future growth too. The State would endeavor to provide the necessary support by way of creating the necessary land bank, tool room facilities and railway siding and logistics facility to facilitate exports.

The role of the Light Engineering sector is very important if the State has to capture the entire value chain of the automobile, aero-space, petro-chemicals, domestic appliances, and paper and textile sectors. This sector has the potential to provide the supply chain to the other thrust area sectors particularly aerospace and defense manufacturing. Incentives such as investment subsidy on VAT @50% - 75%, Interest Subsidy @5%, Power Tariff Subsidy Rs.2 per unit and 50% exemption from EDC will be available to these sectors.

3.4.15 Agro-based, Food Processing & Allied Industry:

Food processing industry plays a significant role in development of economy because of the integration and synergy it provides between agriculture and industry, the two pillars of economic prosperity. The growth of food processing sector is also essential to meet the twin national objective of ‘inclusive growth’ and ‘food security’. Haryana is predominantly an agricultural state with favourable weather conditions for both Rabi and Kharif crops. It has achieved self-sustainability status in food production and milk products. Haryana the second largest food grains producer in the country. The State enjoys the locational advantage of its proximity to one of the largest consumer market of NCR. The State has a huge potential for establishment of agro-based and food processing industry. Due to lack of proper post-harvest handling facilities and inadequate infrastructure facilities along the supply chain, a substantial quantity of farm produce especially perishable commodities get wasted. Therefore, food processing sector's utmost requirement is investment for creating infrastructure facilities for post-harvest operations including food processing. The State endeavours to help in reduction of these losses. The State Government has provided special incentives like grant-in-aid of 50% to Primary Processing Centres, Interest
Subsidy @6%, investment subsidy on VAT @75% - 100 %, 50% exemption from EDC and 80% - 100% refund of stamp duty etc. for the categories as per the details given at Annexure 10.

3.4.16 Textiles / Apparel / Knitting / Embroidery / Technical textiles:

Haryana is fourth largest Cotton producer in the country, it contributes 6% of the total production of cotton in the country with a total of 5.57 lakh hectares under cotton cultivation during the year 2013-14 major cotton growing areas in the State are Hisar, Sirsa, Fatehabad and Jind. There are more than 150 ginning units established in the western region of the State. Panipat Town is famous for handloom products, furnishing fabrics, terry-towels and blankets. There are about 125 carpet manufacturing units, 400 dyeing units, 42 Open End Units, 20-25 Blanket manufacturing units and 250 Shoddy Yarn manufacturing units, 4000 Shuttle-less Looms and 8000 Power Looms units besides other textile based industries. The Government of India has approved setting up of an Integrated Textile Park at Panipat spread over an area of 30 acres with a project cost of about Rs.140 crore by a group of private entrepreneurs.

Gurgaon has emerged as hub for manufacturing of Readymade Garments. Some of the largest manufacturers of Readymade Garments in Asia are having their manufacturing facilities in Gurgaon. There are about 300 Readymade Garment Units, 4 weaving units having more than 50 power looms, around 15 Process houses & 50 Hosiery units in Gurgaon. Similarly, Faridabad has also emerged as a hub for textile processing industry in the State. There are 70-80 Dyeing/Printing units, 10 Hosiery units, 10 -15 units of Readymade Garments (exporting units) and around 100 Denim Washing and Dyeing units.

A Textile Incubation Center at Panipat has already been approved by the Ministry of Textiles. HSI I DC has filed an application for setting up a Textile Park at Panipat under the SITP Scheme over an area of about 85 acres. An International Trade and Convention Centre is also being developed at Panipat to promote handloom products. The Government would explore possibility of setting up of Integrated Textile Parks in Hisar, Fatehabad, Jind
and Sirsa districts under the Government of India Scheme of Integrated Textile Park (SITP) to locate spinning units in these districts. A variety of Micro Units viz. Surgical Cotton, Bandage, Napkins etc. in the Cotton growing areas would also be encouraged and promoted. Special incentives have been provided to this sector like power tariff subsidy @Rs.2 per unit, interest subsidy @6%, investment subsidy on VAT @50% - 75%, EDC exemption @50% and refund of 80% - 100% stamp duty.

3.4.17 Footwear & Accessories:

The footwear sector is labour intensive and provides gainful employment in the State. The non-leather footwear segment largely targets domestic demand. Significantly, this sector comprises of micro and small enterprises (MSE) units. In Bahadurgarh, there is a concentration of non leather footwear units. A Common Facility Centre (CFC) is being set up under MSE-CDP scheme of GOI. All major brands/companies like Liberty, Action, Relaxo, Lancer, Today, Columbus, Aeroback, Welcome etc. have their presence in Haryana. Karnal City has been the centre/hub of footwear production since 1966 and currently employing about 50,000 workers (direct and indirect). A footwear hub is proposed to be established at Karnal with footwear fashion, research & development and Footwear Technology Institute which would realize the dreams of footwear industry. Special incentives have been provided to this sector like power tariff subsidy @Rs.2 per unit, interest subsidy @6%, investment subsidy on VAT @50% - 75%, reduction in VAT on footwear above Rs.500/-, refund of 80% - 100% stamp duty and 50% exemption from EDC etc..

3.4.18 Electronics & IT/ITES:

Haryana has a robust IT Software sector which will complement the electronics hardware manufacturing industry. Gurgaon is known as the BPM capital of the world, as it employees nearly 5% of the worldwide BPM workforce. Haryana is also the third largest exporter of software in India. Innovation campus is proposed to be developed in Gurgaon alongwith 7
incubation centres in seven universities in the State. Besides, a mobile application development centre will also be set up.

As per the GOI survey, the import of electronic items will cross the fuel import bill by the year 2020 and thus places a lot of emphasis on development of the electronic manufacturing sector. The Gurgaon-Manesar-Bawal and Panchkula-Barwala belts have been declared as Brownfield Electronics Cluster by the Government of India. Companies like Panasonic, and Denso have already set up their base in the State. Special incentives have been proposed for creation of mega projects/ mother units in ESDM sector at par with fiscal incentives in extremely backward blocks (D Category). To tap the available potential, the State would come out with an Electronics & IT Policy within the next three months.

3.4.19 Defense and Aerospace Manufacturing:

Bharat Electronics Limited, Panchkula, a navratna public sector undertaking supplies Military Communication Systems to the Armed Forces. Yamuna Nagar has been supplying ammunition boxes to the Armed Forces for the past number of years. The Gurgaon and Faridabad have strong base in Engineering, Secondary Metal Processing Industry manufacturing various metal alloys, Automobile and Auto Components Industry and other related ancillary industries which provide a strong industry/ ancillary base to locate Defense Production industries in the Haryana State.

The state will leverage GOI National Defense Production Policy increasing foreign direct investment (FDI) limit to 49 per cent in the defense production sector for establishing industrial units in the state for production of defense equipments viz. weapons/ ammunition/ platforms and systems. The Haryana Government will offer land sites in the State which would be ideal for locating defense production industry in public and private sectors aligning with National Defense Production Policy.
The offset obligations under the Defense Offset Policy provide a great opportunity to the State to leverage its Competitive advantage in manufacturing and information technology for setting up such projects by the OEMs & their suppliers. The Aerospace Industry in India is also on the growth path, which also provides a great opportunity for aerospace equipment manufacturing. Special incentives have been proposed for creation of mega projects/ mother units in aerospace and defense sectors at par with maximum incentives proposed for any sector and any category of industry.

3.4.20 Renewable Energy & Solar Parks:

This sector is a priority in India, with the Government of India imposing Renewable Power Obligations (RPO) on the States. The State of Haryana has large extents of land eminently suitable for non-conventional and renewable energy installations particularly Solar energy. The State has come out with a Solar Parks Policy to support the development of the Solar Parks by the private sector. Under the SUN (Saur Urja Nivesh) initiative of the HSIIDC and HPGCL proposed to develop a solar park for which an area of 300 acres has been identified.

3.4.21 Pharmaceutical & Chemical Industry:

The Pharma Sector has a vast growth potential in the country and the State recognizes the need for development of this Sector on a sustainable basis. The State would explore the possibility of setting up a Pharma Park. In addition, the raw-material from the Indian Oil Refinery at Panipat offers a great scope for development of the downstream industries for which a petrochemical hub/ plastic parks would be developed. Incentives such as investment subsidy on VAT @50% - 75%, Interest Subsidy @5%, Power Tariff Subsidy Rs.2 per unit and 50% exemption from EDC will be available to these sectors.

3.4.22 Promotion of Exports

The performance of the State on the export front has been excellent inspite of lack of natural resources and the distance of the State from the sea ports.
Starting with an export of Rs. 4.5 crore at the time of its creation (1967-68), the State accounts for exports of more than Rs. 68032.46 crore in the year 2013-14, because of conducive environment, state policies and initiatives. However, a comparative study reveals that Haryana's contribution in total exports of the country was approximately 4.12% in the year 2012-13. As such, a need has been felt to provide infrastructure support & incentives to the exporting units for increasing exports from the state.

- **Land Allotment:**

  100% EOU shall be given priority for allotment of land in the Industrial Estates developed by HSIIDC.

  State Government shall provide land at 50% of HSIIDC cost to the Export Promotion Councils like AEPC, EPCH, HEPC, CEPC, TEXPROCIL, PDEXCIL, APEDA, ECSEPC, Engineering, FIEO, EPC for setting up their offices in the districts of Karnal, Panipat, Hisar and Ambala or any appropriate location decided by the Government for promotion of exports.

  Steps shall also be taken for setting up of Export Promotion Industrial Park at Panipat for textile exporting units.

  Steps shall also be taken for creation of Inland Containers Depots by private players or under PPP mode in the Districts of Karnal, Panipat and Hisar or any appropriate location decided by the Government. 50% stamp duty and external development charges shall be exempted for such projects.

- **ASIDE Scheme:**

  The State shall keep the ASIDE Scheme continue under the State budget for creating/ up-gradation of technical infrastructure such as Testing Laboratory, R&D centres, Exhibition-cum-Convention Centre, CFC, Critical Infrastructure, ICD, Design Development Centre etc. for promotion of exports. The scheme of MoMSME shall also be leveraged in respect of Government Quality Marking Centres.

- **Incentives**

  PRANETA — Professionals & New Entrepreneurs Tax Assistance
The vision of new Industrial Policy is to position Haryana as a pre-eminent Investment destination and facilitate balanced regional and sustainable development supported by a dynamic governance system, wide scale adoption of innovation & technology, and skill development for nurturing entrepreneurship and generating employment opportunities. In order to implement the vision, it is felt that infrastructure support and ease of doing business alone will not be able to attract investment in the backward areas rather there is a need to provide fiscal incentives for reducing cost of doing business to make the industry competitive and sustainable. In depth study was undertaken of Fiscal Incentives of industrially progressive states and since our vision is to position Haryana as preferred destination, the State Government has tried to provide best package of incentives to Ultra Mega Projects, Mega Projects, Thrust Sectors, Rural Functional Clusters and especially for Micro, Small & Medium Enterprises in the State as defined under.

Investment Subsidy in lieu of VAT/SGST: Although the quantum of incentive has been differentiated across different sectors Micro, Small, Large & Mega Projects, the primary principle followed by providing investment subsidy in lieu of net VAT/ SGST paid through online mechanism to reduce the transaction cost. By following this principle, the State Government will continue to provide this facility even in GST regime by reimbursement of appropriate percentage of State GST component. It is estimated to provide this incentive to the tune of Rs.200 crore yearly, @ 50% - 75% of VAT/ SGST net paid for 8-10 years.

3.4.23 Interest Subsidy: It has been observed that a large numbers of Micro & Small units which provide alternative employment opportunities in rural areas are not able to setup/ expand/modernize due to high cost of capital which makes it unaffordable to Small units. Therefore, interest subsidy will go in a long way in fulfilling much needed fillip to these units to scale up and grow in size and induct latest technology in the manufacturing process, primarily a tool to reduce cost of production. It is estimated to provide this
incentive to the tune of Rs.100 crore yearly, @ 5% - 6% on term loan for 3-5 years.

Contribution to CGTMSE: The State Government shall contribute an amount of Rs.100 crore in CGTMSE fund, which will provide window opportunities to new as well as existing Micro and Small Enterprises for availing collateral free loan to the extent of Rs.1 crore from Lending Institutions.

3.4.24 Support to Start-Ups: The facility for providing collateral free loan will also give tremendous support to the prospective entrepreneurs especially Start-Ups/first generation entrepreneurs of the state. A special provision has been made for Start-ups/ first generation entrepreneurs by offering special package for refund of 100% VAT/ SGST up-to turnover of Rs. 3 Crore, creating incubation centres with financial support of Rs. 30 Lakhs per university, Start-Ups IT warehouse and Mobile Apps Development Centres with capital expenditure of Rs. 4 Crore and operational expenditure of Rs. 1 crore.

The industry will also be incentivized for providing employment to local persons by providing employment generation subsidy. Being highly employment oriented, MSM Es will be facilitated with focused approach by providing vast range of incentives. In order to create market for the products of MSM Es, provisions for financial support in respect of Market Development Assistance, Brand Building Support, and 20% reservation in procurement policy has been felt a necessity.

Zero Defect and Zero Effect: To adopt this concept, the financial support for quality certification, technology acquisition @ 50% maximum of Rs. 25 Lakh, patent registration @ 50% maximum of Rs. 25 Lakh, testing equipment @ 50% maximum of Rs. 5 Lakh, technology up-gradation and assistance for establishment of Effluent Treatment Plant for environment compliance @ 50% maximum of Rs. 25 Lakh will be provided. The financial support for, availability of finance through credit linked interest subsidy scheme @ 5% maximum of 5 lakh per year, credit rating will also be extended.
Support to Thrust Sectors: The special incentives have been provided to the thrust sectors i.e. Textiles (Apparel, Knitting, Embroidery & Technical Textiles), Food Processing & Agro Based Industries, Footwear Industries, Defense/ Aerospace Industries. To make the export oriented units competitive in the global market, the freight subsidy up-to Rs. 20 Lakh have also been provided to defray the transportation cost from premises of the unit to the port including other non-fiscal incentives.

Service Sector: In order to attract investment in Service Sector for the identified services, incentives have also been offered such as investment subsidy in lieu of VAT/CGST net paid @ 50%, Electricity Duty Exemption @50% - 75% and Refund of Stamp Duty @ 30% - 50%.

Land Related Incentives: To give relief to the Industrial plot holder, the State Government has decided that henceforth, no enhanced compensation shall be charged from them in future and the same shall be absorbed by HSIIDC. In addition, the high cost of land is sought to be offset by way of reduced EDC charges @ 50% and Stamp Duty refund @ 50% - 100%.

Increase FAR: Higher FAR of 150% has been provided wherever feasible, higher FAR on need based approach will be permitted with the approval of HEPB.

Industrial Infrastructure Development Fund: In order to achieve geographical dispersal and to provide infrastructure led development in dedicated manufacturing corridors, rural clusters, thrust area clusters, it has been decided to provide independent power feeder, water supply and road connectivity of adequate width up-to periphery of such clusters/mega projects/ Industrial Estates for which sum of Rs. 100 crore will be earmarked. Similarly, HSIIDC has also been given mandate to earmark Rs.50 crore in secondary and tertiary infrastructure such as power sub-station, ESI hospital, parking lots and other amenities required in existing Industrial Estates of the Corporation.
Categorization of Blocks: The entire State has been divided into 4 categories of blocks based on the level of industrial/ economic development that has taken place in these areas.blocks. The four categories are — Developed (A), Intermediate (B), Backward (C), & Most Backward (D) blocks. The list of these Blocks shall be finalized by the Government.

In nutshell, this chapter describes the regulatory and policy framework of the state governments of Punjab and Haryana towards industries. Punjab government has issued its latest Physical Incentives Policy 2103 offering various types of incentives to the industry and entrepreneurs. These include VAT?CST incentive, stamp duty and electricity duty waiver, exemption from property tax, subsidy on interest payment, preferential market access, no NOC from Pollution Control Board for getting electricity connection for industry etc. Some industry specific incentives/concessions are also offered such as market fee/rural development fund/infrastructure development fund exemption to integrated textile units, exemption from clearance from Pollution Control Board, exemption from inspection under various labour laws, exemption from Punjab apartment and property regulation Act to the IT/ITes/Knowledge Industry units and electronics hardware manufacturing units. These incentives are offered to the small & medium scale industry, large scale industry, Integrated Textile Units, IT/ITes, Knowledge Industry units, electronics hardware manufacturing units, IT parks, Agro/Food processing and Hi Tech agriculture units, tourism sector and health sector. On the other hand Haryana Government has issued its latest industrial policy in the form of Enterprise Promotion Policy 2015. Single Window Service with online approvals through e-biz portal, deemed clearances and Right to Service will be created. Under the new policy, 31 blocks would not require to obtain CLU/ NOC for setting up of Industrial Units. In 75 blocks there will be provision of Auto CLU with an automatic dispensation of deemed clearance in case the competent authority does not decide or grant the CLU within the prescribed timeline under the Right to Service Act. Sector specific incentives are also offered viz. Auto, auto components and light engineering industry is allowed VAT concession, power tariff subsidy, interest subsidy; Agro, Food processing and allied industry is allowed VAT concession, interest subsidy,
stamp duty refund, grant in aid to primary processing centres; Textile, Apparel and Knitting industry is allowed VAT concession, stamp duty refund, power tariff subsidy.