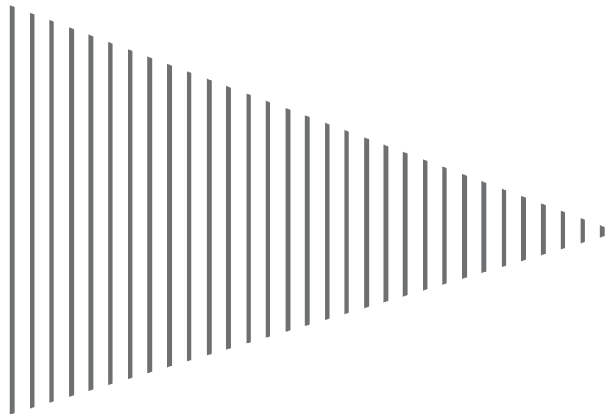


PACKAGE SCHEME OF INCENTIVES (PSI – 2013)



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Preamble – To Improve the Conducive Industrial Climate in the State and to Provide Global Competitive edge to the Industries in the State. The Policy envisages grant of Fiscal & Non Fiscal Incentives to the Industrial Unit.

APPLICABILITY OF PSI - 2013

➤ From 01st April, 2013 to 31st March, 2018

➤ Coverage under the PSI - 2013 -

- Industries listed in the First Schedule of the Industries (Development & Regulation) Act, 1951
- Manufacturing Enterprises as defined in MSMED Act, 2006
- Information Technology Unites registered under Directorate of Industries / MIDC / Development Commissioner / STPI, etc
- Bio-Technology Manufacturing Units
- Cold Storage
- Mechanized Food / Agro Processing Industries
- Central Public Sector Units which satisfy qualifying criteria

CLASSIFICATION OF AREAS FOR PSI

- Group A – Denotes Industrially Developed Areas
- Group B – Denotes Areas where some Industrial Development has taken place
- Group C – Denotes Areas, which are less developed than those covered under Group B
- Group D – Denotes the lesser – developed areas of the State
- Group D + - Denotes the least developed areas
- No Industries District
- Naxalism Affected Areas

Type of Industries / Units

1. Micro, Small & Medium Enterprise (MSMEs)
2. Large Scale Units
3. Mega Projects / Ultra Mega Projects – Following shall qualify as Mega / Ultra Mega Projects

Type of Unit	Taluka / Area	Minimum Fixed Capital Investment (Rs.in Crore)	Minimum Direct Employment (Nos)
Mega Project	A & B	750	1,500
	C	500	1,000
	D & D+	250	500
	No Industry / Naxalism Affected	100	250
Ultra Mega Project	Entire State	1,500	3,000

Existing Unit

- Unit set up & is in production prior to 1st April 2013
- Has been granted EC or availed any incentives under earlier schemes.
- Filed a valid application for grant of EC under PSI-2007 before 31st March 2013

New Unit

- Unit set for the first time in any taluka where there is no existing unit by the said entity provided :
 - It is not an existing unit
 - At least one of the effective steps completed on or after 1st April 2013 for setting the unit
 - Not formed as a result of re-establishment mere change of ownership, change in constitution , reconstruction or revival of an existing unit

Expansion/Diversification

- An investment shall be regarded as expansion project or a diversification project provided it satisfies :
 - Add FCI \geq 25% of Gross FCI (minimum FCI of Rs. 5 Crs for non MSMEs & 25 Lacs for MSME's)
 - Additional FCI should result in increase of existing installed capacity by at least 25%
 - Such Expansion/Diversification should increase the employment in non supervisory category at least to the extent of 10%

Eligibility Certificate (EC)

- Eligibility Certificate – Certificate issued by the Supplimenting Agency to the eligible unit under PSI which indicates accepted FCI, Actual FCI made, Finished Products & other details along with quantum of incentives, period of validity & other terms & conditions.

Eligibility Period

For IPS, Interest Subsidy & other incentives period of eligibility shall be computed from the effective date of eligibility and depend on nature of location of eligible unit

Operative Period :

It shall mean and include the minimum period of operation of unit

For SSI – 5 Years

For MSI – 7 Years

For Large and Mega – 10 years

Effective Steps

Shall mean and include :

- Effective possession of land/shed/gala by an eligible unit.
- Registration in case of Firm/Company/Trust/Society/Co.Op Society
- Enterprises memorandum(EM)/Letter of intent(LOI)/LOI from GOI/permission from State Govt for setting up/ Shifting of the unit
- A copy of Industrial Entrepreneur's Memorandum(IEM) in case of LSI / Mega / Ultramega unit or LOI as the case may be.

Fixed Assets

It shall mean & include :

- Land / Area in effective possession
- Building including administration bldg, resi. Quarters & all facilities regd for mfg. process
- Plant & Machinery including tools & equipments necessary for sustaining the working of the eligible unit
- Cost of development of the location of the eligible unit
- Installation charges & pre-operator exps.
- Technical Know-how
- Deposits with MSEB/MIDC or any other Govt. Agency

Gross Fixed Capital Investment (FCI)

Gross FCI shall in the case of new fixed assets mean & include the value of new fixed assets acquired at site & duly paid for

Provided that :

- only new fixed assets based on project appraisal done by the lender which are acquired by an enterprises within the relevant period
- Value for which imported second hand F.A are acquired shall have residual life of minimum 10 years
- Investment in intangible assets – only upto 10% of total project cost.
- Fixed Assets acquired cannot be disposed off / sold / shifted / written off without prior permission.
- Gross FCI = Gross FCI at the beginning of the year
+ Additions during the year
(-) Original value of any F.A disposed off

IMPLEMENTING AGENCIES FOR IMPLEMENTATION OF PSI

Sr. No	Category	Area	Agency
01	a) Micro & Small Manufacturing Enterprises b) Cold Storage where investment is at par with MSME	Mumbai & Mumbai Sub-Urban Districts	The Joint Director of Industries [JDI (MMR)]
		All Other Districts	District Industries Centre (DICs)
02	a) Medium Manufacturing Enterprises b) Cold Storage where investment is at par with Medium Manufacturing Ent.	Mumbai & Mumbai Sub-Urban	[JDI (MMR)]
		Regions	Regional Jt. Director
		Nanded Sub-Region	Sup. Industries Officer

IMPLEMENTING AGENCIES FOR IMPLEMENTATION OF PSI

Sr. No	Category	Area	Agency
03	a) Large Scale Industries / Mega , Ultra Mega Projects b) Cold Storage where investment is more than Medium Manufacturing Enterprises	Entire State	Directorate of Indutries, GOM

Financial Incentives for MSME / LSI

<u>TALUKA / AREA</u>	<u>CEILING AS % OF FIXED CAPITAL INVESTMENT</u>		<u>No. of Years</u>	
	<u>MSME</u>	<u>LSI</u>	<u>MSME</u>	<u>LSI</u>
A	--	--	7	7
B	20	--	7	7
C	40	30	7	7
D	70	40	10	7
D+	80	50	10	7
NO INDUSTRY DISTRICT	90	70	10	7
NAXALISM AFFECTED	100	80	10	7

Industrial Promotion Subsidy for MSMEs

Sr. No	Taluka / Area Classification	The Quantum of Industrial Promotion Subsidy Every Year
1	Naxalism Affected Area	VAT on Local Sales (-) Input Tax Credit (ITC) or zero whichever is more + CST payable + 100% of ITC
2	No Industries District	VAT on Local Sales (-) ITC or Zero whichever is more + CST payable + 75% of ITC
3	Entire Vidarbha & Marathwada	VAT on Local Sales (-) ITC or zero whichever is more + CST payable + 65% of ITC
4	Group D+ Taluka	VAT on Local Sales (-) ITC or zero whichever is more + CST Payable + 50% of ITC

Industrial Promotion Subsidy for MSMEs

Sr. No	Taluka / Area Classification	The Quantum of Industrial Promotion Subsidy Every Year
5	Group D Taluka	VAT on Local Sales (-) ITC or zero whichever is more + CST Payable + 40% of ITC
6	Group C Taluka	VAT on Local Sales (-) ITC or Zero whichever is more + CST Payable + 30% of ITC
7	Group B Taluka	VAT on Local Sales (-) ITC or Zero whichever is more + CST Payable + 20% of ITC

Industrial Promotion Subsidy for LSI

Sr. No	TALUKA / AREA	SCHEME EVERY YEAR
1	Naxalism Affected Area	100% VAT on Local Sales (-) ITC or Zero whichever is more + CST payable
2	No Industries District of Vidarbha & Marathwada	90% VAT on Local Sales (-) ITC or zero whichever is more + CST Payable
3	Group D + Taluka	80% VAT on Local Sales (-) ITC or zero whichever is more + CST Payable
4	Group D Taluka	70% VAT on Local Sales (-) ITC or zero whichever is more + CST Payable
5	Group C Taluka	60% VAT on Local Sales (-) ITC or zero whichever is more + CST Payable

Other Benefits:-

- > Interest Subsidy for Areas (Other than Group A)
- > Exemption from Electricity Duty
(Other than Group A/B)
- > Waiver of Stamp Duty
- > Power Tariff Subsidy (Other than Group A)
- > Incentives for Strengthening MSMEs & LSIs
- > Incentives for Units coming up in Naxalism affected Talukas

INCENTIVES:-

- > Incentives for Mega / Ultra Mega - Decided by High Power Committee (CTCB)
- > Yearly Cap for the Incentives
- > Restricted to Total Quantum of Incentives
No. of Years as per EC
- > Carry Forward Principle - Applicable
- > Actual Disbursement \leq Yearly Sanctioned Amount

GENERAL PROCEDURE / RULES:-

- > Application to be Submitted to the Implementing Agencies
- > Commencement of Comm. Production & Acq. Of Fixed Assets - Necessary
- > Unit Completed all Effectives Steps but not Started Production – Then?
- > If Application Submitted after Commercial Production
- > Period & Quantum curtailed Proportionately
- > EC to be issued after Compliance of all Steps

GENERAL PROCEDURE / RULES:-

- > Claiming Benefits under Expansion / Diversification
- > Required to Maintain Separate Record for Production
- > If Separate Records = $\frac{\text{Additional FCI}}{\text{Total FCI}}$
Not Possible then
- > No. of Expansion / Diversification = No Limit
- > Claim for Incentives – Only Possible if EC Issued

MONITORING / REVIEW:-

- > Eligible Units – Submit Report Every Year
- > Eligible Units – Submit Audited Annual Accounts
- > Implementing Agencies – Authorized to call any Information / Details
- > Breach of Above Provisions – Consequences
- > Continuance / Discontinuance of EC
- > Prompt Action to Cancel EC

Thank You

