

PACKAGE SCHEME OF INCENTIVES 2019

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Introduction

- In order to encourage the dispersal of industries to lesser developed areas of the State, the Government has been giving package of incentives to New Industrial Units / Expansion / Diversification Units set up in the developing regions of the State.
- The Packaged Scheme of Incentives was introduced in 1964 and thereafter amended/ renewed every 5 years. Initially capital incentives were proposed which later replaced by performance based incentive like SGST refund, Interest Refund and Power tariff subsidy etc.
- The State Government has declared the industrial policy PSI – 2019 on 30th Sep 2019 to ensure sustained industrial growth through various innovative initiatives so as to further improve the conducive industrial climate in the State and to provide global competitive edge to the industries in the State.
- The PSI – 2019 shall remain in operation from the 1st April 2019 up to 31st March, 2024 or till the new Package Scheme of Incentives comes into force.

ELIGIBLE & INELIGIBLE UNIT UNDER PSI:

Units Covered Under The Policy	Units Ineligible Under The Policy
<ul style="list-style-type: none">Industries listed in the First Schedule of the Industries. (Development and Regulation) Act, 1951	<ul style="list-style-type: none">Beer, liquor manufacturing industries;
<ul style="list-style-type: none">Manufacturing Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. (MSMED Act, 2006)	<ul style="list-style-type: none">Cigarette, bidi or any other tobacco containing products, manufacturing industries;
<ul style="list-style-type: none">Information Technology Manufacturing Units & Bio-technology Manufacturing Units	<ul style="list-style-type: none">Gutka and pan masala manufacturing industries;
<ul style="list-style-type: none">Mechanized, Food / Agro Processing Industries	<ul style="list-style-type: none">Any other product(s) banned by Central / State Government

Effective Steps Under PSI 2019:

Following Activities shall constitute as Effective Steps:

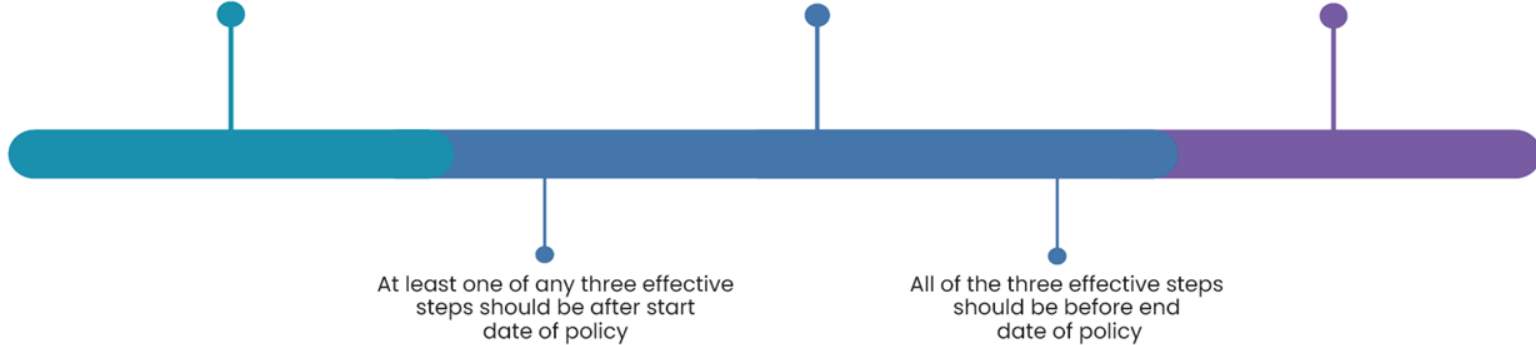
1. Effective Possession of Land
2. Registration of Company/Firm etc
3. **For MSME:** obtain Consent to Establish from MPCB or
For Non MSME: Industrial Entrepreneur's Memorandum (IEM) or Letter of Intent (LOI)

Note : Any one of the effective step should be taken after the date of commencement of policy period (1st April 2019) but all effective step must be completed before end of Policy period.

PSI 2013 (Old policy)

PSI 2019 (Current policy)

PSI 2024 (Next policy)



- Case 1:** All effective steps are taken in old policy and application also made in old policy but investment starts in current policy.
- In such case, benefit of old policy will be given and full investment will be eligible.
- Case 2:** All effective steps are taken in old policy and application also made in old policy but investment starts in old policy but ends in current policy.
- In such case, benefit of old policy will be given and full investment will be eligible.
- Case 3:** All effective steps are taken in old policy and application is made in current policy but investment starts in current policy.
- In such case, lower benefit of old and current policy will be given and full investment will be eligible.
- Case 4:** All effective steps are taken in old policy and application is made in current poll but investment starts in old policy but ends in current policy.
- In such case, lower benefit of old and current policy will be given and investment done in current will be eligible.

QUANTUM OF INCENTIVES UNDER

Quantum of Incentives

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graph TD; A[Quantum of Incentives] --- B[Fixed Capital Investment (FCI)]; A --- C[Classification of Unit]; A --- D[Weather New unit / Expansion]; A --- E[Expansion Classification of Area in which Unit is Situated];
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Fixed Capital Investment (FCI)

Classification of Unit

Weather New unit / Expansion

Expansion Classification of Area in which Unit is Situated

FIXED CAPITAL INVESTMENT:

- Gross Fixed Capital Investment shall, in the case of New Fixed Assets, mean and include the capitalized value (net value after all set-offs) of new Fixed Assets acquired and also put into use at site of the eligible Unit and duly paid for during the eligible investment period.
FCI in general Includes cost of Land, Land Development, Plant & Machinery, Electrification, Preoperative & Preliminary, R & D etc.
- Only new Fixed Assets as per the Project Scheme accepted by the Implementing Agency, based on the project appraisal done by the lender who has given term loan for the Project which are acquired by an Eligible Unit / Enterprises within the relevant period
- Fixed Assets acquired by an Eligible Unit and forming part of the Gross Fixed Capital Investment cannot be disposed off / sold / shifted / written off except with the prior written permission of the Implementing Agency.

CLASSIFICATION OF UNIT:

Particulars	Classification for the purpose of PSI-2019*	Permissible Investment Period
Small Enterprises	Investment in P&M up to 5 Crores	With in three Year from the Declare date.
Medium Enterprises	From investment in P&M of 5 Cr., up to Gross FCI of 50 Crores	With in three Year from the Declare date.
Special LSI	FCI > 50 Crores and FCI < 100 Crores	With in four year from the Declare date.
Large Scale Industry for General Area*	FCI ≥ 100 Crores Or Direct Employment ≥ 300 (250 for Specified Area)	With in four year from the Declare date. (Two year for Employment Generation)
Mega Unit*	FCI ≥ 350 Crores or Direct Employment ≥ 500	With in five year from the Declare date. (Two year for Employment Generation)
Mega Unit for Specified Area	FCI ≥ 200 Crores or Direct Employment ≥ 350	With in five year from the Declare date. (Two year for Employment Generation)

**Classification for PSI purpose is only indicated for Vidarbha Region*

DIFFERENCE BETWEEN NEW AND EXPANSION UNIT

New Unit	Expansion Unit
<p>A New Unit shall mean</p> <ul style="list-style-type: none">▪ It is not an Existing Unit*.▪ At least one of the Effective Steps is completed on or after the 1st April, 2019 for setting up the Unit.▪ * Existing Unit shall mean and include:<ul style="list-style-type: none">▪ A Unit which has been set up and is in production on or any time prior to the 1st April, 2019 or▪ granted any EC or▪ filed valid application for EC under any pervious scheme	<p>An Expansion of existing Unit will be eligible for incentive when following three conditions are fulfilled:</p> <ul style="list-style-type: none">▪ Minimum 25% addition in Fixed Capital Investment▪ Minimum 25% addition in Capacity▪ Minimum 10% addition in employment

CLASSIFICATION OF AREAS FOR PSI:

GROUP	AREA	Example
GROUP A	Denotes industrially developed areas	Greater Mumbai, Thane, Pune, Etc
GROUP B	Denotes areas where some industrial development has taken place, but are less developed than the areas under Group A.	Alibag, Part of Palghar and Thane, etc
GROUP C	Denotes areas, which are less developed than those covered under Group B.	Karjat, Ratnagiri, Chiplun, Daund, Etc
GROUP D	Denotes the lesser-developed areas of the State, not covered under Group A/ Group B/ Group C.	Solapur, Satara, Mahabaleshwar, Miraj, Igatpuri, Dhule, Jalgaon, Auragabad, Etc
GROUP D+	Denotes the least developed areas, not covered under Group A/ Group B/ Group C/ Group D.	Wai, Nandurbar, Bhusawal, Parbhani, Latur, Nanded,
Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule	Special Classification for development of Industries	Buldhana, Akola, Washim, Amravati, Yavatmal, Wardha, Nagpur, Ratnagiri, Sindhudurg Dhule
No Industry District	Denotes District having no industries viz Hingoli and Gadchiroli	Hingoli and Gadchiroli
Naxalism Affected Area	Denotes area affected by naxalism, as described in GR No NAVIKA-2008/C.R. 209/Ka. 1416 Dated 31.5.2009 (Annexure II) or as may be amended by the Government.	Gondia, Gadchiroli, Some part of Chandrapur & Yavatmal Etc
Aspirational Districts	Defined by Government of India viz. Washim, Gadchiroli, Osmanabad and Nandurba	Washim, Gadchiroli, Osmanabad and Nandurba

QUANTUM OF INCENTIVE:

Area	MSME		LSI/ Spl. LSI	
	Quantum of Incentives	No. of Years	Quantum of Incentives	No. of Years
No Industry District, Naxal Affected Districts & Aspirational Districts	100% of FCI	10 Years	100% of FCI	9 Years
Vidarbha Region	80% of FCI	10 Years	80% of FCI	9 Years
D+	60 % of FCI	10 Years	70 % of FCI	07 Years
D	50 % of FCI	10 Years	60 % of FCI	07 Years
C	40 % of FCI	07 Years	40 % of FCI	07 Years
B	30 % of FCI	07 Years	25 % of FCI	07 Years
A	Nil	Nil	25 % of FCI	07 Years

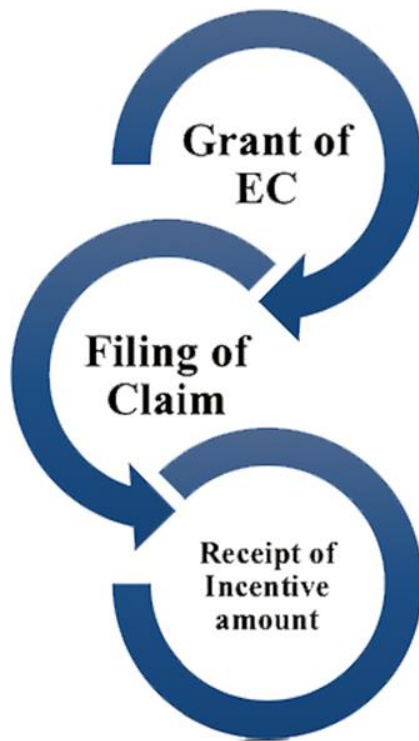
CONTD:

- The amount of incentives to be disbursed every year will be limited to the total quantum of incentives divided by the number of years as per the applicable Eligibility period with the provision of carrying
- The quantum of incentives for Mega Projects and Ultra Mega Projects can be customised and shall be decided by the High Power Committee under the chairmanship of the Chief Secretary, Govt of Maharashtra.
- In case of expansion unit, quantum of incentive will be 80% of new unit
- In case of expansion unit, eligible period will be one year less than what is applicable to new unit
- The total quantum of incentives for the food / agro processing units, eligible green energy / bio-fuel manufacturing units will be 20% over and above the limits mentioned above and such units will get
- Units manufacturing all types of textiles covered under the Textile Policy – 2018 – 23 of Maharashtra State shall be eligible only for incentives other than those offered by the other State Government Agencies.

BASKET OF INCENTIVES:

SUBSIDY	For New Unit
Industrial Promotion Subsidy (IPS)	Eligible Unit enterprises shall be offered Industrial Promotion Subsidy (IPS) on 100 % Gross State Goods & Services Tax (SGST) payable by the unit on the first sale of eligible products billed and delivered within Maharashtra
Interest Subsidy	@ 5% per annum. “The amount of interest subsidy will not exceed the bills paid for electricity consumed during the relevant year.”
Power Tariff Subsidy	@ Rs 1/- per unit for the Units located in Vidarbha.
Exemption from Electricity Duty	All Eligible New Units in Group C, D, and D+ areas, Specified area will be exempted from payment of Electricity Duty during applicable eligibility period
Waiver of Stamp Duty	New Units as well as Units undertaking Expansion / Diversification will be exempted from payment of Stamp duty during the Investment period in Group C, D, D+ Talukas, Specified area for acquiring land and for term loan purposes.

PROCEDURE UNDER PSI – 2019:




GRANT OF EC:

EC shall mean the certificate issued by the Implementing Agency to the Eligible Unit under the PSI-19 which indicates

- Investment Period
- Actual Fixed Capital investment made
- Accepted Fixed Capital Investment
- Finished Products and
- Quantum of Incentives
- Period of validity for availing of incentives
- Operating Period

ELIGIBILITY CERTIFICATE FOR NEW UNIT(WOMEN)

1.	Holder of the Eligibility Certificate			
2.	Address of the Eligible unit			
	Office Address			
3.	Details of Registration			
4.	Products manufactured by the Eligible Unit and capacity thereof			
5.	Raw Material required			
6.	Admissible Gross Fixed Capital Investment towards fixed assets (Rs. in lakhs) by the eligible unit	Particulars	Maximum Admissible Gross Fixed Capital Investment	Actual accepted fixed capital investment made up to 11/12/2023
		Land	--	--
		Building & Site Development	803.33	684.50
		Plant & Machinery	3716.40	3706.25
		Electricals	217.43	174.01
		Misc. Fixed Assets	17.04	15.00
		Pre-op. Expenses	133.61	133.00
		Less : Creditors		42.47
		Total...	4887.81	4670.29
7.	Date of start of Commercial Production	01/10/2023		
8.	Date of effect of EC	01/10/2023		
9.	GST No. under GST Act			
10.	Period for making admissible investment	01/01/2022 to 11/12/2023		
11.	Total Amount of admissible Incentive	4670.29 Lakhs		
12.	Total Maximum Incentives for each year (Annual Cap)	467.02 Lakhs		
13.	Eligibility Period	10 Years from date of start of commercial production (From 01/10/2023 to 31/09/2033)		
14.	Operative Period of EC	01/10/2023 to 31/09/2040		

FILING OF YEARLY CLAIM:

1. Filing of yearly claim application after completion of financial year before February of next year.

2. Separate claim to be filed for SGST, Interest subsidy and power tariff.

3. Obtaining disbursement certificate.

4. Release of grant.



Sub: Sanction of Industrial Promotion Subsidy claim (Medium Unit) for the year 2023-24 (SGST 75%)

Ref: [Redacted]

Sir,

In consideration of your request and the submissions in support thereof, following incentives are hereby sanctioned under PSI 2013.

(1) Provisional accepted Industrial Promotion Subsidy (IPS) of Rs. 31.21 Lakh (Rs. Thirty-One Lakhs and Twenty One Thousand Only), 75% of accepted admissible IPS of Rs. 41.61 Lakh (Rs. Forty-One Lakhs and Sixty One Thousand Only) for the financial year 2023-2024.

(2) Power Tariff subsidy Rs. 120.88 Lakhs (Rs. One Crore Twenty Lakhs and Eighty Eight Thousand Only) for the period from 2023-24.

Claim Details (All Amount is in Rs. Lakh)

Claim No	Particulars	Year	Annual Limit	Applied	Admissible	Accepted	Sanctioned	Balance/Surplus	
								IPS	C/F
1 st	SGST	2023-24	301.14	86.98	44.04	44.04	31.21	12.83	0.00
	PTS.			129.51	120.88	120.88	120.88	0.00	0.00
TOTAL				216.49	164.92	164.92	152.09	12.83	0.00

Please note that the actual disbursement shall be considered only on the receipt of funds from the Government, and subject to your confirming to the terms and conditions of the eligibility certificate and agreements executed there under, as well as upon submission of following documents:

1. Up-to-date follow-up reports by way of annual production returns and audited statements of accounts confirming maintenance of normal production.
2. Disbursement agreement on Rs.100/- stamp paper with Board Resolution.
3. Two advance stamp receipts on the letter-head of the company.
4. Please acknowledge receipt of this sanction letter.

RESPONSIBILITY OF UNIT HOLDER:

- 1. Unit should run for operative period plus 5 years.**
- 2. Submission of follow up returns for above period.**
- 3. No curtailment on production capacity of unit as declared in the application.**
- 4. No sale or transfer of any assets on which incentive is claimed without prior NOC of sanctioning authority.**
- 5. No shifting or sale of unit without prior permission of sanctioning authority.**
- 6. 80% of employment should be local person**
- 7. LSI or Mega Unit based on employment should maintain specified employment throughout the year**

THANK YOU

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