

Seminar for Chartered Accountants

AT MALEGAON CA STUDY CIRCLE ON THE TOPIC

**STATE GOVT SUBSIDY AND INDUSTRIES :-
ROLE OF C. A.**

BY CA G. B. MODI

**PACKAGE SCHEME
OF INCENTIVES 2007
GOVERNMENT OF
MAHARASHTRA**

PERIOD OF OPERATION

- The 2007 Scheme, as may be amended by the Government from time to time, shall remain in operation from the

1st April, 2007 to
31st March, 2011

CLASSIFICATION OF AREAS

For the purpose of the 2007 Scheme, the classification of the areas of the State shall be as indicated below.

- (i) Group A
- (ii) Group B
- (iii) Group C
- (iv) Group D
- (v) Group D+
- (vi) No Industry District

EXPANSION / DIVERSIFICATION

EXPANSION / DIVERSIFICATION

An Existing / New Unit in any of the areas covered under Group “B”, Group “C”, Group “D”, Group D+, or No Industry District which creates on or after the date of issue of this G.R., an additional fixed capital investment for additional production / manufacturing facilities for manufacture of the same product / products as of the existing /new unit for Expansion or different products, diversification only if it satisfies the following conditions, namely :-

EXPANSION / DIVERSIFICATION

- (a) Such Expansion /Diversification should provide for additional Fixed Capital Investment by non-micro and **small manufacturing enterprises exceeding Rs.5 crores** or by **micro and Small manufacturing enterprises exceeding Rs.100 lacs** by way of additions to the production / manufacturing facilities;

EXPANSION / DIVERSIFICATION

- (b) The said additional Fixed Capital Investment should exceed **25 per cent of the Gross Fixed Capital Investment** of the Existing / New Unit immediately prior to setting up of the additional production facilities; investment as on the last of previous financial year for expansion / diversification of the existing unit.

EXPANSION / DIVERSIFICATION

(c) In the case of Expansion or Expansion-cum-Diversification but not mere Diversification “per se”; the said additional Fixed Capital Investment should result in increase of existing installed capacity by at least 25 percent; and

EXPANSION / DIVERSIFICATION

(d) Such Expansion / Diversification should increase the employment in the non-supervisory category at least to the extent of 10 per cent of the preexpansion/ diversification level of such employment and 80 percent of such additional employment should be out of local population.

NEW UNIT

A New Unit shall mean an Unit which is set up for the first time by an entity in the Private Sector / Co-operative Sector / State Public Sector / Joint Sector in any Taluka where there is no Existing Unit set up by the said entity provided that the Unit satisfies the following conditions:

NEW UNIT

- a. It is not an Existing Unit.
- b. At least one of the Effective Steps is completed on or after date of this G.R. for setting up the Unit.
- c. It is not formed as a result of re-establishment, mere change of ownership, change in the constitution, reconstruction or revival of an Existing Unit.

CLAIM FOR INCENTIVE

- No right or claim for any incentives under the 2007 Scheme shall be deemed to have been conferred by the 2007 Scheme merely because the applicant Unit has fulfilled the conditions of the 2007 Scheme.
- The incentives under the 2007 Scheme cannot be claimed unless an EC has been issued under the 2007 Scheme by the Implementing agency and the Eligible Unit has complied with the stipulations/conditions of the EC.
- The Implementing Agency shall issue EC to the Eligible Unit within two months of the unit complying with the stipulations of the 2007 Scheme.

PROMOTIONAL & FINANCIAL INCENTIVES

INDUSTRIAL PROMOTION SUBSIDY

- A) New Micro & Small Manufacturing Enterprises, Medium Enterprises / LSI (including IT/ BT units) : New projects, which are set up in these categories in different parts of the State, will be eligible for Industrial Promotion Subsidy(IPS).
- B) The quantum of subsidy will be linked to the Fixed Capital Investment. Payment of IPS every year will be equal to **25%** of any Relevant Taxes paid by the eligible unit to the State or to any of its departments or agencies.
- C) The quantum of benefit and period will be as follows:

Taluka /Area Classification	Ceiling as % of Fixed Capital Investment		Number of years	
	Micro & Small Manufacturing Enterprises	Medium Manufacturing Enterprises / LSI	Micro & Small Manufacturing Enterprises	Medium Manufacturing Enterprises / LSI
A	-	-	-	-
B	20 %	-	6	-
C	30 %	20 %	7	5
D	40 %	25 %	8	6
D+	50 %	30 %	9	7
No Industry District	60%	35 %	10	8

INTEREST SUBSIDY

All new eligible Micro & Small Manufacturing Enterprises in textile, hosiery, knitwear and readymade garment sector will be eligible for interest subsidy in addition to Industrial Promotion Subsidy. The Interest Subsidy will be payable only on the interest actually paid to the Banks and Public Financial Institutions on the term loan for acquisition of fixed capital assets.

The quantum and period for availing this incentive will be as stated in the table below:

INTEREST SUBSIDY

Taluka/Area Classification	Monetary ceiling limit (Rs. In lac.)	Maximum period in years
A	-	-
B	-	-
C	10	4
D	20	5
D+	25	6
No Industry District	35	7

EXEMPTION FROM ELECTRICITY DUTY

Eligible new units in C, D, and D+ areas and No-Industry District(s) will be exempted from payment of Electricity Duty for a period of 15 years. In other parts of the State, 100% Export Oriented Units (EOUs), Information Technology (IT) and Bio-Technology (BT) units will also be exempted from payment of Electricity Duty for a period of 10 years. Necessary Notification under the provision of the Electricity Duty Act 1958 will be issued separately by Energy Department.

WAIVER OF STAMP DUTY

New as well as units undertaking Expansion/ Diversification will be exempted from payment of Stamp duty up to 31st March 2011 in “C, D, D+ Talukas and No Industry Districts. However, in A and B areas, stamp duty exemption would be available as given below :

- BT and IT units in public Parks : 100%
- BT and IT units in private Parks : 75%
- Mega Projects : 50%

Necessary Notification under the provision of the Bombay Stamp Act 1958 will be issued separately by Revenue & Forest Department.

STRENGTHENING THE MICRO, SMALL AND MEDIUM MANUFACTURING ENTERPRISES

The followings are the incentives to promote quality competitiveness, research and development and technology up gradation:

- 5% subsidy on capital equipment for technology up gradation subject to maximum of Rs.25 lacs
- 50% subsidy on the expenses incurred for quality certification limited to Rs. 1 Lakh
- 25% subsidy on cleaner production measures limited to Rs.5 Lakhs
- 50% subsidy on the expenses incurred for patent registration limited to Rs.5 Lakh

ADDITIONAL INCENTIVES

The eligible Micro & Small Manufacturing Enterprises coming up in Industrial Clusters / Parks to be notified by the State Government and in identified thrust areas i.e Agro based Industries, Textile, Auto & Auto Components, Electronics Products, Pharmaceuticals, Gems & Jewellery, Information Technology, I.T. enable Services and Bio-technology will be eligible for the IPS applicable to the one step higher incentive category under clause 5.1

Classification of Talukas

KONKAN DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Greater Mumbai	Greater Mumbai				
Thane	Thane, Vasai, Palghar, Kalyan, Ulhasnagar, Ambernath	Dahanu, Murbad	Bhivandi, Shahapur		Jawhar, Mokhada, Talasari, Wada, Vikramgad
Raigad	Alibag @, Uran, Panvel, Karjat @, Khalapur, Pen @, Roha	Alibag \$, Pen \$, Sudhagad	Karjat \$, Mahad, Mangaon, Murud	Shrivardhan	Poladpur, Mhasala, Tala

KONKAN DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Ratnagiri			Ratnagiri Chiplun	Khed	Guhagar Dapoli, Lanja Mandangad Rajapur Sangamesh -war
Sindhudurg				Vengurla	Khankavli Kudal Sawantwadi Malvan Deogad Vaibhavwadi Doda Marg

PUNE DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Pune	Pune City Haveli @ Khed @ Maval @ Mulshi @	Haveli \$ Mulshi \$ Maval \$	Shirur Daund Indapur Baramati Purandar Bhor, Khed \$	Ambegaon Junnar	Velhe
Solapur				Solapur (North) Pandharpur Malshiras	Barshi Akkalkot Solapur(South) Mohol Mangalwedhe Sangole Karmala, Madha

PUNE DIVISION

Satara				Satara Khandala Koregaon Phaltan Khatav, Karad Mahabaleshwar	Wai Man Patan Jaoli
Sangli				Miraj	Tasgaon Khanapur Atapadi, Jat KavatheMahaankal Walwa, Shirala Kadegaon, Palus
Kolhapur				Kolhapur Karveer Panhala Hatkanangale Shirol	Kagal Gadhinglaj Chandgad Ajra Bhudargad Radhanagari Bavada Shahuwadi

NASIK DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Nashik		Nashik Malegaon	Niphad Sinner	Dindori Yeola Igatpuri	Peth Surgana Kalwan Baglan Chandwad Nandgaon Trimbakesh war Deola
Ahmednagar				Nagar,Rahuri, Shriampur Newasa, Karjat Shrigonda,Akola Sangamner, Kopergaon Rahata, Dhule	Shevgaon Pathardi Jamkhed Parner

NASIK DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Dhule				Dhule	Sakri, Shirpur Shindkhea
Nandurbar					Nandurbar NAvapur Shahada Taloda, Akrani Akkalkuva
Jalgaon				Jalgaon Yawal Chalishgaon Amalner Dharangaon	Chopada Raver Edalabad Bhusawal Jamner Pachora Bhadgaon Parola Erandol, Bodwa

AURANGABAD DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Aurangabad				Aurangabad	Kuldabad Kannad Soegaon Sillod Paithan Gangapur Vaijapur Phulambri
Jalna					Jalna , Ambad Jafferabad Partur Bhokardan Badnapur Ghansvangi Mantha

AURANGABAD DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Beed					Beed Georai Malegaon Ambejogai Kaij, Patoda, Ashti, Dharur Parli, Wadavani Shirur Kasar
Osmanabad					Osmanabad Kalamb Omerga Tuljapur, Paranda Bhum, Washi Lohara

AURANGABAD DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Parbhani					Parbhani Jintur Selu Gangakhed Pathri Palam,Purna Manawat Sonpeth
Hingoli	NO INDUSTRY DISTRICT				
Latur					Latur Ahmedpur Udgir, Nilanga Ausa,Chakur Deoni, Shirur- Anantpal Jalkot

AURANGABAD DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Nanded					Nanded Bhokar Hadgaon Kinwat Biloli Deglur Mukhed Kandhar Loha Mudkhed Ardhapur Naigaon Dharmabad Himayatnagar Umari, Mahur

AMRAVATI DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Amravati					Amravati Achalpur Bhatkuli Nandgaon Khandeshwar Chadur bazar Morshi Warud Chandur Rty. Teosa Daryapur Anjagaon-Surji Chikhaldara Dharni Dhamgaon RTY

AMRAVATI DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Akola					Akola Bharshitakli Akot Telhara Balapur Patur Murtujapur
Washim					Washim Malegaon Risod Mangrulpir Manora Karanja

AMRAVATI DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Buldhana					Buldhana Chikhali Shegaon Dewalgaonraja Malkapur Motala Nandura Jalgaon Jamod Sangrampur Khamgaon Mehkar Sindakhed-Raja Lonar

AMRAVATI DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Yavatmal					Yavatmal Babhulgaon Kalamb Kelapur Ralegaon Ghatanji Wani Maregaon Pusad MAhagaon Umarkhed Darwaha Ner, Digras Arni, Zari-Jamdi

NAGPUR DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Nagpur					Nagpur (R) Kamptee Hingana Katol Narkhed Savner Kalmeshwar Ramtex Parseoni Mauda Umred Bhiwapur Kuhi

NAGPUR DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Bhandara					Bhandara Pauni Tumsar Mohadi Sakoli Lakhandur Lakhani
Gondia					Gondia Goregaon Tirora Arjunimorgaon Deori Sadakarjuni Amgaon Salekasa

NAGPUR DIVISION

District	Group A	Group B	Group C	Group D	Group D+
Wardha					Wardha Deoli, Seloo. Arvi Karanja, Ashti Hinganghat Samundrapur
Chandrapur					Chandrapur Gondpipri, Mul Warora, Chimur Bhadravati, Sindewahi, Nagbhid, Rajura, Korpana, Sawali, Probhuma, Ballarpur, Jiwani
Gadchiroli	NO INDUSTRY DISTRICT				

Thank You

- Contact -

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