

**Package Scheme of Incentives, 2007**

**GOVERNMENT OF MAHARASHTRA  
INDUSTRIES, ENERGY AND LABOUR DEPARTMENT  
Resolution No. PSI -1707/ (CR- 50)/IND-8  
Mantralaya, Mumbai - 400 032,  
Dated the 30<sup>th</sup> March, 2007.**

**Read:**

**Government Resolutions of Industries and Labour Department,**

1. No. IDL-7064/IND-I, dated the 25/09/1964,
2. No. IDL-7069/IND-I, dated the 02/04/1969,
3. No. IDL-7069/IND-I, dated the 10/03/1970,
4. No. IDL-7073/34605/IND-I (B), dated the 23/10/1973,

**Government Resolutions of Industries, Energy and Labour Department**

5. No. IDL-7076/6212/(5)/ IND-8, dated the 18/01/1977,
6. No. IDL-7076/48287/(295) / IND-8, dated the 17/09/1977,
7. No. IDL-7079/81133/(1925)/ IND-8, dated the 18/10/1979,
8. No. IDL-7079/(2043)/ IND-8, dated the 05/01/1980,
9. No. IDL-7079/95227/(2540)/ IND-8, dated the 11/8/1980,
10. No. IDL-7082/(3559)/IND-8, dated the 05/07/1982,
11. No. IDL-1082/(4096)/IND-8, dated the 31/03/1983,
12. No. IDL-1082/(4077)/IND-8, dated the 04/05/1983,
13. No. IDL-1088/(6612)/IND-8, dated the 25/03/1988,
14. No. IDL-1087/(6245)/IND-8, dated the 21/07/1988,
15. No. IDL-1088/(6603)/IND-8, dated the 30/09/1988,
16. No. IDL-2188/(11324)/IND-14, dated the 08/11/1988,
17. No. IDL-1088/(7018)/IND-8, dated the 31/01/1989,
18. No. IDL-1088/(7056)/IND-8, dated the 22/02/1989,
19. No. IDL-1093/(8889)/IND-8, dated the 07/05/1993,
20. No. IDL-1093/(9378)/IND-8, dated the 06/07/1994,
21. No. IDL-1095/(10092)/IND-8, dated the 03/01/1996,
22. No. IDL-1096/(13251)/IND-8, dated the 12/03/1997,
23. No. IDL-1096/(13211)/IND-8, dated the 20/06/1997,
24. No. IDL-1097/(13563)/IND-8, dated the 27/11/1997,
25. No. IDL-1097/(13637)/IND-8, dated the 28/11/1997,
26. No. IDL-1097/(13478)/IND-8, dated the 29/11/1997,
27. No. IDL-1097/(13385)/IND-8, dated the 17/01/1998,
28. No. IDL-1098/(121)/IND-8, dated the 11/08/1998,
29. No. IDL-1098/(293)/IND-8, dated the 30/09/1998,
30. No. IDL-1098/(109)/IND-8, dated the 31/12/1998,
31. No. IDL-1099/(620)/IND-8, dated the 31/03/1999,
32. No. IDL-1098/(351)/IND-8, dated the 16/04/1999,
33. No. IDL-1098/(351)/IND-8, dated the 29/06/1999,
34. No. IDL-1098/(620)/IND-8, dated the 30/06/1999,
35. No. IDL-1099/(780)/IND-8, dated the 09/07/1999,
36. No. IDL-1099/(884)/IND-8, dated the 29/10/1999,
37. No. IDL-1020/(5)/IND-8, dated the 23/03/2000,
38. No. IDL-1020/(204)/IND-8, dated the 12/05/2000,
39. No. IDL-1021/(CR-73)/IND-8, dated 31/03/2001,
40. No. IDL-1002/(CR-66)/IND-8, dated 16/02/2002,
41. No. IDL-1002/(CR-345)/IND-8, dated 18/10/2002,
42. No. IDL-1005/(CR-119)/IND-8, dated 02/06/2005,
43. No. IDL-1006/(CR-83 )/IND-8, dated 03/05/2006,
44. No. IDL-1006/( CR-83-Part- II)/IND-8, dated 13/07/2006.

## **PREAMBLE**

In order to encourage the dispersal of industries to the less developed areas of the State, Government has been giving a Package of Incentives to New / Expansion Units set up in the developing region of the State since 1964 under a Scheme popularly known as the **Package Scheme of Incentives**.

The Package Scheme of Incentives, introduced in 1964, was amended from time to time. The last amended Scheme, commonly known as the 2001 Scheme is operative from the 1<sup>st</sup> April, 2001 to 31<sup>st</sup> March, 2007.

The State has declared the new Industrial, Investment, Infrastructure Policy 2006 to ensure sustained industrial growth through innovative initiatives for development of key potential sectors and further improving the conducive industrial climate in the State, for providing the global competitive edge to the State's industry. The policy envisages grant of fiscal incentives to achieve higher and sustainable economic growth with emphasis on balanced Regional Development and Employment Generation through Greater Private and Public Investment in industrial development. The Package Scheme of Incentives 2007 outlines the eligibility criteria, quantum of incentives and monitoring mechanism for administering the incentives.

## **RESOLUTION**

The Package Scheme of Incentives as last modified was continued upto the 31<sup>st</sup> March, 2007 by Government Resolution, Industries, Energy and Labour Department No. IDL-1006/(CR-83)/IND-8, dated 3<sup>rd</sup> May, 2006. Now, the Government is pleased to direct that the Package Scheme of Incentives 2007 will be brought into effect from the 1<sup>st</sup> April 2007 to 31<sup>st</sup> March, 2011, with the following provisions:

### **1. SCOPE:**

#### **1.1 Coverage under the 2007 Scheme:**

The following categories of Eligible Industrial Units in the Private Sector, State Public Sector/ Joint Sector and the Co-operative Sector but not in the Central Public Sector will be considered for incentives under the 2007 Scheme

- i) Industries listed in the First Schedule of the Industries (Development and Regulation) Act, 1951, as amended from time to time
- ii) Manufacturing Enterprises as defined in the MSMED Act, 2006.
- iii) Information Technology (IT) units registered with Directorate of Industries or MIDC or Development Commissioner (SEEPZ) or STPI in the State,
- iv) Poultry
- v) Cold Storages and Agro Industries,

- vi) Biotechnology (BT) units as specified by Government from time to time, which are outside the purview of any registering authority mentioned above.

**Explanation:** In the case of poultry, only capital expenditure on land, building and equipment will be considered eligible for incentives.

### **1.2 Period of Operation:**

The 2007 Scheme, as may be amended by the Government from time to time, shall remain in operation from the 1<sup>st</sup> April, 2007 to 31<sup>st</sup> March, 2011.

### **1.3 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:** comprising the developed areas, viz. Mumbai Metropolitan Region (MMR) and Pune Metropolitan Region (PMR).

(ii) **Group B:** comprising the areas where some development has taken place.

(iii) **Group C:** comprising the areas, which are less developed than those covered under Group B.

(iv) **Group D:** comprising the lesser-developed areas of the State not covered under Group A/ Group B/ Group C.

(v) **Group D+:** comprising those least developed areas not covered under Group A/Group B/Group C/Group D

(vi) **No Industry District :** Not covered under Group A / B/ C/ D & D+

The detailed talukawise classification of the areas of the State made accordingly has been indicated in **Annexure I** to this Resolution.

## **2. Implementing Agencies**

The Implementing Agencies for the purpose of the 2007 Scheme shall be as follows:

**2.1** The Joint Director of Industries (Mumbai Metropolitan Region) [JDI (MMR)] in respect of Mumbai and Mumbai Suburban Districts and concerned District Industries Centre (DICs) for the Micro & Small Manufacturing Enterprises as specified in the MSMED Act, 2006 and activities as specified under the provision of Para 1.1 (iii to vi) wherein investment in equipments at par with Micro & Small Manufacturing Enterprises.

### **Explanation:**

(a) The eligible unit will continue to remain with the JDI (MMR) or DIC which had issued an Eligibility Certificate (EC) in favour of the Eligible Unit, for the purposes of incentives and other connected matters, even if the Eligible Unit

ceases to be a **Micro & Small Manufacturing Enterprises** or exceeds the investment ceiling prescribed for **Micro & Small Manufacturing Enterprises**. In other words, even when an Eligible **Micro & Small Manufacturing Enterprises** graduates to Medium manufacturing enterprises/Large Scale Sector, the Eligible Unit shall continue to remain with the JDI (MMR) / DIC, which issued the EC in favour of the Unit.

- (b) Where an Eligible Unit has been issued an EC under any of the Schemes prior to the 1993 Scheme by a Regional Development Corporation (RDC), it will be covered for benefits under the 2007 Scheme according to its status as **Micro & Small Manufacturing Enterprises** or Large Scale Industry (**LSI**) consequential to new/expansion/diversification project. It shall accordingly file its application with the concerned Implementing Agency.

**2.2** The Regional Joint Directors of respective regions and the Sub-Regional Officer i.e. Superintending Industries Officer, Nanded Sub-Region for Medium Manufacturing Enterprises as defined in the MSMED Act, 2006 and activities as per the provision 1.1 (iii to vi) wherein investment in equipment at par with the Medium Manufacturing Enterprises as defined in MSMED Act, 2006.

**2.3** Directorate of Industries for Medium Enterprises other than as specified in MSMED Act, 2006 / Large Scale Industries / Mega Projects and the activities as per the provisions 1.1 (iii to vi) wherein the investment in equipment is more than the medium manufacturing enterprises as specified in MSMED Act, 2006.

### **3. DEFINITIONS:**

#### **3.1 Date of Effect of Eligibility:**

An Eligibility Certificate under the 2007 Scheme will be issued by the Implementing Agency after ascertaining that the eligible unit has complied with the provisions of the Scheme and has commenced its commercial production. The EC will be issued with effect from the date of commencement of commercial production by the Eligible Unit. The date of commencement of commercial production will be determined by the Unit supported by the relevant extract of the excise register or, in case excise is not applicable by the first sale bill is issued by the unit in respect of such production or as may be permitted by Government of Maharashtra in respect of Mega Project proposals. For the purpose of the EC, the date of commencement of commercial production will be deemed to be the first day of the month following the month in which such production has commenced.

The Implementing Agency will send a copy of the EC to the agency supplying power and to the concerned Inspector.

### **3.2 Micro & Small Manufacturing Enterprises, Medium manufacturing Enterprises / LSI & Mega Projects:**

- (i) Micro, Small and Medium Manufacturing Enterprises as defined in the MSMED Act, 2006.
- (ii) LSI Units / Enterprises having the investment more than medium manufacturing enterprises under MSMED Act, 2006.
- (iii) Mega Projects: Industrial Projects with investment more than Rs.500 Crores or generating employment for more than 1000 persons in A & B area or investment more than 250 Crores or generating employment for more than 500 person in rest of Maharashtra.

However, Industrial Projects with investment of more than Rs. 100 Crores or generating employment for more than 250 persons coming up in low human development district as mentioned in Annexure II will qualify as Mega Project.

**Note:** The Mega projects claiming the benefits based on employment criteria will have to employ the qualifying number of employees throughout the year and 75% of such employees should be local persons.

### **3.3 Earlier Scheme**

'Earlier Scheme' shall mean and include:

- i) The **1964 Scheme** outlined in the Government Resolution, Industries and Labour Department, No. IDL-7064/IND-I, dated the 25th September, 1964.
- ii) The **1969 Scheme** outlined in the Government Resolution, Industries and Labour Department No. IDL-7069/IND-I, dated the 2nd April, 1969.
- iii) The **1973 Scheme** outlined in the Government Resolution, Industries and Labour Department, No. IDL-7073/34605/IND-I (B) dated the 23rd October, 1973.
- iv) The **1976 Scheme** outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-7076/6212/(5)/IND-8, dated the 18th January, 1977.
- v) The **Special Capital Incentive Scheme** outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-7076/48287/(295)/IND-8, dated the 17th September, 1977.
- vi) The **1979 Scheme** outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-7079/(2043)/IND-8, dated the 5th January, 1980 read with the Government Resolution, Industries, Energy and Labour Department, No. IDL-7082/(3559)/IND-8 dated the 5th July, 1982.
- vii) The **1983 Scheme** outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-1082/(4077)/IND-8, dated the 4th May, 1983

read with the Government Resolution, Industries, Energy and Labour Department, No. IDL-1088/(6612)/IND-8 dated the 25th March, 1988 and the Government Resolution, Industries, Energy and Labour Department, No. IDL-1087/(6245)/IND-8 dated the 25th July, 1988.

- viii) The **1988 Scheme** outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-1088/(6603)/IND-8, dated the 30th September, 1988 read with the Government Resolution, Industries, Energy and Labour Department, No. IDC-2188/(11324)/IND-14 dated the 8th November, 1988, the Government Resolution, Industries, Energy and Labour Department, No. IDL-1088/(7018)/IND-8 dated the 31st January, 1989 and the Government Resolution, Industries, Energy and Labour Department, No. IDL-1088/(7056)/IND-8 dated the 22nd February, 1989,
- ix) **The 1993 Scheme** outlined in Government Resolution, Industries, Energy and Labour Department, No. IDL-1093/(8889)/IND-8, dated the 7<sup>th</sup> May, 1993 as amended from time to time, and
- x) **The 2001 Scheme** outlined in Government Resolution, Industries, Energy and Labour Department No. IDL-1021/(CR-73)/IND-8, dated 31<sup>st</sup> March, 2001 as amended from time to time.

### **3.4 Effective Steps:**

#### **1. Effective Steps shall mean and include:**

- (i) Effective possession of land / shed / gala by an Eligible Unit. If the rental / leased period is less than operative period then there should be a provision of automatic extension of the agreement for further period which should be equivalent to operative period of the eligible unit.

**Explanation :** Effective possession of land means physical possession with registered deed with clear title documents & / or registered lease deed in case of rental / lease of land / premises.

- (ii) Registration in respect of Firm / Company / Trust / Society / Co-operative Society. However, in respect of Partnership Firm only evidence of execution of a Partnership Deed and filing of a requisite application with payment of necessary registration fees with the Registrar of Firms will be necessary.
- (iii) Enterprises Memorandum / Letter of Intent / Registration for IT units from Directorate of Industries or MIDC / Letter of Intent from the Government of India and / or permission from the State Government for setting up / shifting of the Unit, if such permission is required to be obtained.
- (iv) A copy of the Industrial Entrepreneur's Memorandum (**IEM**) along with a copy of its acknowledgement in the case of a LSI Unit not covered under the licensing provisions of the Industries (Development & Regulation) Act, 1951 or letter of intent, which is covered under license provision of IDR Act.

## **Explanation-**

*Based on the documentary evidence produced by the Eligible Unit, the Implementing Agency shall determine the date on which the Effective Steps are completed, subject to such directions as the Government may issue from time to time.*

### **3.5 Existing Unit-**

An Existing Unit shall mean and include:

- (i)** A Unit which has been set up and is in production on or any time prior to the date of issue of the G.R. whatsoever, **or**
- (ii)** A Unit which has been granted an EC or availed of any incentives under any of the Earlier Schemes, **or**
- (iii)** A Unit which has filed a valid application for grant of an EC under the 2001 Scheme with any of the Implementing Agencies on or before 31<sup>st</sup> March 2007.

### **3.6 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 :-

- (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;
- (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.
- (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 per cent; and

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

**Note:** The eligible unit claiming benefits under Expansion / Diversification shall be required to maintain separate record of production for such expansion. In case, however, maintaining the separate record is not possible, the benefits for such eligible units shall be available in the ratio of additional fixed capital investment to the total gross fixed capital investment.

### 3.7 Finished Product-

Finished product shall mean and include the item/s of manufacture by the Eligible Unit as considered under the project scheme approved by the concerned term lending agency and / or by the Implementing Agency, together with by-product /scrap which may get generated as incidental to and during the main production activity.

**Explanation:** The units will be allowed inclusion of related items ( i.e. same line of finished product mix/same finished product range/category ) freely during the eligibility period. However the incentives for included products will be available prospectively.

### 3.8 Fixed Assets-

The term Fixed Assets shall mean and include:

- i) Land / area in effective possession for a minimum further period equivalent to operative period prescribed under the scheme and as required for the project.
- ii) Building, i.e. any built-up area used for the Eligible Unit including administrative building, residential quarters, industrial housing and accommodation for all such facilities as are required for the manufacturing processes.
- iii) Plant and Machinery, i.e. Tools and equipment including handling and haulage equipment or tools as are necessarily required and exclusively used for sustaining the working of the Eligible Unit.
- iv) The cost of development of the location of the Eligible Unit, such as fencing, construction of roads and other infrastructure facilities which the Eligible Unit has to incur under the project.
- v) Installation charges and pre-operative expenses capitalized.
- vi) Technical know-how including cost of drawings and know-how fees.
- vii) The amount paid to the **Electricity Distribution Company** for supply of power to the Eligible Unit, or to the Maharashtra Industrial Development Corporation



(MIDC) for development of infrastructure for the Eligible Unit, or to any other Government agency for similar purpose.

viii) **For Mega Project -**

a) The Tooling acquired by the Mega Project may be located at the premises of various ancillary units of the Mega Project within the State limited to maximum 40% of the total plant and machinery of the Mega Project.

b) If Mega Project want to support certain captive process vendors who may put up investment purely and entirely for the purpose of carrying out certain processes in the overall manufacturing process of the Mega Project, the investment made by such captive process vendors would also qualify for being counted towards the fixed capital investment of the Mega Project subject to the following conditions–

**b.1** Such Mega Project shall furnish a list of such captive process vendors which it want to support.

**b.2** Such captive process vendors in the same industrial area or higher classified Taluka where the Mega Project unit is situated ( e.g. if the mega project is located in B area, then the captive process vendors should be from the same classified area or from C, D, D+ area or No Industry Districts )

**b.3** Such captive process vendors should be engaged in a part of the manufacturing process (and not components or independent products) of only one Mega Project unit

**b.4** Such captive process vendors shall not be entitled to any benefits under Package Scheme of Incentive though it is putting up investment in its own name in a backward area.

**Explanation –** The above definition of fixed assets at Sr.No.(viii) will also apply to the Mega Projects who have applied under PSI 2001.

**3.9 Gross Fixed Capital Investment-**

( I ) Gross Fixed Capital Investment shall mean and include, in the case of:

i. **New Fixed Assets-** The value of new Fixed Assets acquired at site and duly paid for.

**Explanation-**

(a) 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 or by the Scheduled Commercial Bank / SICOM in case of a self-financed project, which are acquired by an Eligible Unit / Enterprises within the relevant period shall be considered.

(b) **Acquisition of imported second hand fixed assets -** The value for which these are acquired or the value thereof as certified by an approved valuer,

whichever is less, subject to the condition that the assets shall have residual performing life of a minimum 10 years as certified by an approved valuer.

- (c) The investment in intangible assets including pre- operative expenses, interest capitalized, technical know-how deposits paid for utility services etc. will be considered only to the extent of 10% of the total project cost for the purpose of incentives.
- (II) Fixed Assets acquired by an Eligible Unit and forming part of the Gross Fixed Capital Investment cannot be disposed of / sold / shifted / written off except with the prior written permission of the Implementing Agency. The Implementing Agency may ordinarily grant such permission if it is satisfied that the overall production capacity **and existing employment strength** of the Eligible Unit will not thereby suffer and that the Eligible Unit has definite plans/proposals for replacement of the Fixed Assets being disposed of / sold / written off either by similar Fixed Assets or by Fixed Assets with better output / higher production capacity with or without change in the finished product/s. However, shifting of assets will be permitted only if the contemplated shifting is to a place in an equivalent or lesser-developed area of the State (e.g. from 'C' to 'C' or 'D' area, but not from 'C' to 'B' area as per the area classification at Annexure -I)
- (III) Subject to the provisions of **paras (I) and (II)** above, the Gross Fixed Capital Investment at the end of each year will be computed as Gross Fixed Capital Investment at the beginning of the year, **plus** additions as per the approved project scheme made, if any, to the Gross Fixed Capital Investment during the year, **less** the original value of any Fixed Assets of the Eligible Unit shifted disposed of / sold / written off, if any, during the year.
- (IV) If the admissible Gross Fixed Capital Investment as endorsed in the EC is reduced as a result of any shift / disposal / sale / write off / replacement of the Fixed Assets, the ceiling as endorsed in the EC shall be reduced proportionately and if the incentives availed by the Eligible Unit exceed the ceiling revised as a result of shifting / disposal / sale / write off / replacement, the benefits availed in excess of such revised ceiling shall stand recoverable/refundable forthwith with interest at the rate of 15% from the date of such excess availment till the date of actual payment.
- (V) Any increase in the Gross Fixed Capital Investment as a result of replacement of any of the Fixed Assets earlier considered under the EC shall not have any additional incentives.

### **3.10 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:

- 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.

#### **Explanation-**

The incentives available to a New Unit under the 2007 Scheme shall, however, be available to units which get established as result of purchase of assets of Existing / Defunct / Closed / Sick Units subject to and to the extent mentioned in **Annexure III** to this Resolution.

#### **3.11 Period of Eligibility-**

The period of eligibility applicable to an Eligible Unit will be as per paras **5.1, 5.2, 5.3, 5.5, 5.6 and 5.9** and shall be computed from the date of commercial production as contained in the EC and depending on the nature and location of the Eligible Unit, during which the incentives will be available to the Eligible Unit subject to fulfillment of the conditions of the 2007 Scheme except in respect of "Mega Project" where eligible period will be as, has been approved by "High Power Committee" or "Infrastructure Sub Committee"

**Example:** For example, an Eligible New **Micro & Small Manufacturing Enterprises** located in D area has obtained EC and its date of commencement of commercial production is XXXX. The Eligible unit will be entitled to Industrial Promotion Subsidy at the rate of **(a maximum of)** 40% of its eligible investment for **(over a period of)** 8 years **(of the)** EC period. The unit will also be entitled to octroi refund in the form of grant restricted to 100% of the admissible fixed assets for a period of 9 years and exemption from payment of electricity duty for a period of 15 years. In addition, if the unit is Textile unit in **Micro & Small Manufacturing Enterprises** it will be entitled to interest subsidy for a period of 5 years subject to a ceiling of Rs. 20 lakhs.

#### **3.12 Procedural Rules-**

'Procedural Rules' shall mean and include the rules as laid down under Government Resolution, Industries, Energy and Labour Department, No.IDL-7079/95227/(2540)/IND-8, dated the 11th August, 1980 as amended from time to time. In case of any conflict, the provisions of this Govt. resolution shall prevail.

### 3.13.Sick Unit-

A 'Sick Unit' shall mean and include an **Micro & Small Manufacturing Enterprises** so considered and certified by the Directorate of Industries, or **Medium Manufacturing Enterprises** / LSI Unit so considered by the Board for Industrial and Financial Reconstruction (**BIFR**) and Co-operative unit's / Enterprises as certified by Commissioner of Co-operation, State of Maharashtra.

### 3.14 Year-

'Year' shall mean the financial year, i.e. 1<sup>st</sup> April to 31<sup>st</sup> March.

## 4. GENERAL PROVISIONS:

### 4.1 Application for Eligibility-

- (1) An application for eligibility under the 2007 Scheme shall be filed to the implementing agency by an Eligible Unit only after it has taken all the Effective Steps but not later than the 31<sup>st</sup> March, 2011. It shall be supported by documentary evidence in regard to completion of the Effective Steps.
- (2) For claiming eligibility under the 2007 Scheme, new Eligible Unit shall commence the commercial production and also acquire the fixed assets at site and paid for it within three years if it is for **Micro & Small Manufacturing Enterprises**, within four years if it is **Medium Manufacturing Enterprises** / LSI units / Enterprises and five years if it is Mega Project except in respect of those "Mega Projects" where extra period has been approved by "High Power Committee" or "Infrastructure Sub Committee" from the date of submission of application as determined by the implementing agency and as mentioned in Para-4.1.(1). The assets acquired beyond the stipulated period will not be considered eligible for incentives and delay in commencement of production will entail proportionate curtailment of incentives.
- (3) If an Eligible Unit has filed an application with the Implementing Agency on or before the date of this G.R. after completion of the Initial Effective Steps for incentives under 2001 scheme, but where the applicant fails to complete all the Final Effective Steps latest by 31<sup>st</sup> March 2008 shall be automatically considered under **PSI-2007. However, the incentives applicable to such an eligible unit shall be at the scale under the 2001 Scheme or 2007 Scheme, whichever, is lower** except in respect of those "Mega Project" where customised package has been approved by "High Power Committee" or "Infrastructure Sub Committee"
- (4) An application for eligibility shall be submitted to the Implementing on or before the date of commencement of commercial production. If there is any delay, the period and entitlement will be curtailed proportionately.

**4.2 Time limit for commencement of production in respect of Valid application under earlier schemes:**

The units which have filed valid applications under PSI 1988, PSI-1993 and PSI-2001 scheme, such units should start commercial production on or before **30<sup>th</sup> September, 2007**, on or before 31<sup>st</sup> March, 2008 and on or before 31<sup>st</sup> March, 2009 respectively. The unit failing to start production within the stipulated time will be disqualified and will not be entitled to the Incentives under any of the incentive schemes.

**4.3 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.

**5. Promotional and Financial Incentives:**

**5.1 Industrial Promotion Subsidy: (IPS)**

**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). 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. The quantum of benefit and period will be as follows:

Taluka / Area Classification	Ceiling as % of Fixed Capital Investment		Number of years	
	<i>Micro &amp; Small Manufacturing Enterprises</i>	<i>Medium Manufacturing Enterprises / LSI</i>	<i>Micro &amp; Small Manufacturing Enterprises</i>	<i>Medium Manufacturing Enterprises / LSI</i>
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

- B) Expansion units:** Existing **Micro & Small Manufacturing Enterprises, Medium Enterprises** / LSI units making additional investment to the extent of 25% or more over the Gross Fixed Capital investment, as on the last date of the previous financial year, for expansion, diversification will also be eligible to get the Industrial Promotion Subsidy equivalent to 75% of the incentives admissible for new units. The admissible period for availing the subsidy will be reduced by one year in the respective category and area.

**Explanation:** The Zero VAT Units will be eligible for getting employment based incentive as proposed for low HDI districts in the form of 75% reimbursement of expenditure on account of contribution towards Employees State Insurance (ESI) and Employees Provident Fund (EPF) Scheme for a period of 5 years. However the quantum of incentives for these units will be limited to 20%, 30%, 40%, 50%, 60% of FCI in “B”, “C”, “D”, “D+”, No Industry District respectively.

## 5.2 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 amount of interest subsidy will be effective rate of interest (after deducting interest subsidy receivable any institution / under any Govt. of India scheme or 5 % p.a. whichever is less). The quantum and period for availing this incentive will be as stated in the table below:

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

### **5.3 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.

### **5.4 Waiver of Stamp Duty:**

New as well as units undertaking Expansion/ Diversification will be exempted from payment of Stamp duty up to 31<sup>st</sup> 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.

### **5.5 Royalty Refund:**

All eligible units, new as well as units undertaking expansion in Vidarbha region will be eligible for refund of royalty paid on purchase of minerals from mine owners within the State of Maharashtra for a period of five years from the date of commencement of commercial production.

### **5.6 Refund of Octroi / Entry Tax in lieu of Octroi:**

- 5.6.1** An eligible unit, after it goes into commercial production, will be entitled to refund of Octroi duty / Entry Tax (in lieu of Octroi), account based cess or other levy charged instead of or in lieu of Octroi payable and paid to the local authority on import of all items required by the eligible unit. This incentive will be admissible in the form of a grant restricted to 100% of the admissible fixed capital investment of the eligible unit for a period 5 / 7 / 9/ 12 years

respectively in the B / C / D / D+ areas. In respect of No Industry District areas, however, the period will be 15 years.

**5.6.2** The period of eligibility for refund of the Octroi / Entry Tax in lieu of Octroi, account based cess or other levy charged instead of or in lieu of Octroi shall be from the date of commencement of commercial production.

**5.7 Strengthening the Micro, Small and Medium Manufacturing Enterprises :**

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

- 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

**Explanation:**

A Committee under the Chairmanship of Secretary (Industries) will decide the eligibility and sanction the above incentives.

**5.8 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

**Explanation:**

A Committee under the Chairmanship of Secretary (Industries) will finalise / decide the clusters / parks in above categories.



**5.9 Special Incentives for Units coming up in the low Human Development Index Districts:**

New units setting up facilities in notified districts (Annexure-II) and employing at least 75% local persons as defined in the Employment of Local Persons Policy will be offered 75% reimbursement of expenditure on account of contribution towards Employees State Insurance (ESI) and Employees Provident Fund (EPF) Scheme for a period of 5 years. However these benefits will be limited to 25% of FCI. The amount of reimbursement will be paid annually based on minimum statutory limit subject to the condition that the unit has paid its contribution towards ESI & EPF on the due dates.

**5.10 Mega Projects:**

The quantum of incentives within the approved limit will be decided by the High Power Committee under the chairmanship of Chief Secretary, Government of Maharashtra. The Infrastructure Committee under the chairmanship of the Chief Minister of Maharashtra will have the power to customize and offer special / extra incentives for the prestigious Mega Projects on a case to case basis.

**6. MONITORING AND REVIEW:**

**6.1 Monitoring and Review of the Fixed Capital Investment and Production activities of the Eligible Unit-**

With a view to monitoring the production activities of and the establishment of Fixed Assets by the Eligible Unit in relation to the incentives available under the 2007 Scheme, and ensuring that the two match during the period of eligibility and also thereafter during the operative period of the agreement entered into by the Eligible Unit, the following procedure is laid down.

- (i) The Eligible Unit shall submit a report duly signed by its authorised representative covering information and details regarding production and sales, indicating the period of stoppage of production and/or closure of the Unit, if any, with reasons therefor, addition to the Fixed Capital Investment, disposal of Fixed Assets, and changes in the constitution of the Eligible Unit.

- (ii) The Eligible Unit shall also submit to the Implementing Agency, within a period of 9 months from the close of every year, a certified true copy of the audited annual statement of accounts and Balance Sheet for the said year.
  - (iii) The Implementing Agency shall be entitled to call for any information and details for a shorter period even prior to the close of the year. The implementing Agency shall independently examine the position from time to time in order to ensure that the incentives drawn/availed of are within the ceilings specified under the 2007 Scheme or under the relevant earlier Scheme, as the case may be.
- 6.2.** Failure on the part of an Eligible Unit to submit any of the above information / documents within the specified time shall tantamount to breach of the provisions of the 2007 Scheme entailing suitable action as provided under the Procedural Rules, including action to cancel the EC, or premature recall of and immediate recovery of the incentives drawn / availed.
- 6.3** The Implementing Agencies shall, as far as possible, ensure that the Eligible Unit and relevant agency for supply of power, and the Electrical Inspector are kept informed of the continuance or discontinuance of the EC during the tenure in accordance with the Procedural Rules.
- 6.4** If and when the Eligible Unit reaches the relevant ceilings prescribed in the EC in the matter of drawal of the refund of octroi prior to expiry of the EC period, or contravenes any of the conditions thereunder, the Implementing Agencies shall take prompt action to cancel the EC.

**7. Committee:**

A Committee as constituted comprising of the following members shall be authorized to interpret and decide all the issues involving the PSI 2007 and earlier Scheme.

1. Secretary, Industries Department	<b>Chairman</b>
2. Secretary (Finance)	Member
3. Commissioner of Sales Tax	Member
4. Development Commissioner (Industries)	Member
5. Joint Director of Industries (PSI)	Member Secretary

The committee may if it so desires seek the advice of expert from relevant field before taking decision on the subject matter.

The decisions taken by the committee will be implemented only after the approval of the Government at appropriate level.

This Government Resolution issues with the concurrence of Finance Department vide its U.O.R. No.11/2007/Taxation-1, Dated the 30<sup>th</sup> March, 2007.

This Government Resolution is available on the web site of Government of Maharashtra with computer code No.20070402154517001.

*By order and in the name of the Governor of Maharashtra*

( D.A.Kulkarni )  
Under Secretary to Government

**To:**

The Director General of Information and Public Relations, Mumbai (5 copies) with a request to issue a suitable press note and arrange for giving a wide publicity to the contents of this Resolution in all leading newspapers including local and mofussil papers in Maharashtra.

**Copy to:**

Development Commissioner (Industries), Mumbai-400032

Commissioner of Sales Tax, Mumbai

Managing Director, Maharashtra Small-Scale Industries Development Corporation Ltd., Mumbai.

Chief Executive Officer, Maharashtra Industrial Development Corporation, Mumbai

All Divisional Commissioners

All Collectors

All Joint Directors of Industries

All Departments of Mantralaya.

All Desk Officers in Industries, Energy and Labour Department.

All General Managers, District Industries Centres

The Accountant General, Maharashtra - I, Mumbai.

The Accountant General, Maharashtra - II, Nagpur.

The Pay and Accounts Officer, Mumbai.

The Resident and Audit Officer, Mumbai.

The Industries, Energy and Labour Department (IND-8, Select file).

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Forms and Applications (Mega)  
Forms and Applications (OtherthanMega)  
IPS Modalities (Mega)  
IPS Modalities (OtherthanMega)

**Annexure-I**  
**Classification of Talukas**  
**KONKAN DIVISION**

District	Group A	Group B	Group C	Group D	Group D+
<b>Greater Mumbai</b>	Greater Mumbai				
<b>Thane</b>	Thane Vasai Palghar Kalyan Ulhasnagar Ambernath	Dahanu Murbad	Bhivandi Shahapur		Jawhar Mokhada Talasari Wada Vikramgad
<b>Raigad</b>	Alibag @ Uran Panvel Karjat @ Khalapur Pen @ Roha	Alibag \$ Pen \$ Sudhagad	Karjat \$ Mahad Mangaon Murud	Shrivardhan	Poladpur Mhasala Tala
<b>Ratnagiri</b>			Ratnagiri Chiplun	Khed	Guhagar Dapoli Lanja Mandangad Rajapur Sangameshwar
<b>Sindhudurg</b>				Vengurla	Kankavli Kudal Sawantwadi Malvan Deogad Vaibhawwadi Doda Marg

@ : Within MMR,

\$ Outside MMR

## 2. PUNE DIVISION

District	Group A	Group B	Group C	Group D	Group D+
<b>Pune</b>	Pune City Haveli @ Khed @ Maval @ Mulshi @	Haveli \$ Mulshi \$ Maval \$	Shirur Daund Indapur Baramati Purandar Bhor Khed \$	Ambegaon Junnar	Velhe
<b>Solapur</b>				Solapur ( North ) Pandharpur Malshiras	Barshi Akkalkot Solapur (South) Mohol Mangalwedhe Sangole Karmala Madha
<b>Satara</b>				Satara Khandala Koregaon Phaltan Khatav Karad Mahabaleshwar	Wai Man Patan Jaoli
<b>Sangli</b>				Miraj	Tasgaon Khanapur Atapadi Jat KavatheMaha- ankal Walwa Shirala Kadegaon Palus
<b>Kolhapur</b>				Karveer Panhala Hatkanangale Shirol	Kagal Gadhinglaj Chandgad Ajra Bhudargad Radhanagari Bavada Shahuwadi

@ : Within PMR ,

\$ :Outside PMR

### 3. NASIK DIVISION

District	Group A	Group B	Group C	Group D	Group D+
<b>Nasik</b>		Nasik Malegaon	Niphad Sinnar	Dindori Yeola Igatpuri	Peth Surgana Kalwan Baglan Chandwad Nandgaon Trimbakeshwar Deola
<b>Ahmednagar</b>				Nagar Rahuri Shrirampur Newasa Karjat Shrigonda Akola Sangamner Kopergaon Rahata	Shevgaon Pathardi Jamkhed Parner
<b>Dhule</b>				Dhule	Sakri Shirpur Shindkheda
<b>Nandurbar</b>					Nandurbar Nawapur Shahade Talode Akrani Akkalkuva
<b>Jalgaon</b>				Jalgaon Yawal Chalisingaon Amalner Dharangaon	Chopada Raver Edalabad Bhusawal Jamner Pachora Bhadgaon Parola Erاندول Bodwad

#### 4. AURANGABAD DIVISION

District	Group A	Group B	Group C	Group D	Group D+
<b>Aurangabad</b>				Aurangabad	Khuldabad Kannad Soegaon Sillod Paithan Gangapur Vaijapur Phulambri
<b>Jalna</b>					Jalna Ambad Jafferabad Partur Bhokardan Badnapur Ghangsavangi Mantha
<b>Beed</b>					Beed Georai Majalgaon Ambejogai Kaij Patoda Ashti Dharur Parli Wadavani Shirur Kasar
<b>Osmanabad</b>					Osmanabad Kalamb Omerga Tuljapur Paranda Bhum Washi Lohara
<b>Parbhani</b>					Parbhani Jintur Selu Gangakhed Pathri Palam Purna Manawat Sonpeth
<b>Hingoli</b>	<b>NO INDUSTRY DISTRICT</b>				

<b>Latur</b>					Latur Ahmedpur, Udgir Nilanga Ausa Chakur Deoni Shirur-Anantpal Jalkot Renapur
<b>Nanded</b>					Nanded Bhokar Hadgaon Kinwat Biloli Deglur Mukhed Kandhar Loha Mudkhed Ardhapur Naigaon Dharmabad Himayatnagar Umari Mahur

### 5. AMARAVATI DIVISION

<b>District</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>	<b>Group D+</b>
<b>Amravati</b>					Amravati Achalpur Bhatkuli Nandgaon- Khandeshwar Chandur Bazar Morshi Warud Chandur Rly. Teosa Daryapur Anjangaon -Surji Chikhaldara. Dharni Dhamangaon- Rly.
<b>Akola</b>					Akola Barshitakli Akot Telhara Balapur Patur Murtijapur



<b>Washim</b>					Washim Malegoan Risod Mangrulpir Manora Karanja
<b>Buldhana</b>					Buldhana Chikhali Shegaon DeulgaonRaja Malkapur Motala Nandura Jalgaon Jamod Sangrampur Khamgaon Mehkar Sindakhed –Raja Lonar
<b>Yavatmal</b>					Yavatmal Babhulgaon Kalamb Kelapur Ralegaon Ghatanji Wani Maregaon Pusad Mahagaon Umarkhed Darwaha Ner Digras Arni Zari-Jamdi

#### 6. NAGPUR DIVISION

<b>District</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>	<b>Group D+</b>
<b>Nagpur</b>				Nagpur City	Nagpur (R) Kamptee Hingana Katol Narkhed Savner Kalmeshwar Ramtek Parseoni Mauda Umred Bhiwapur Kuhi

<b>Bhandara</b>					Bhandara Pauni Tumsar Mohadi Sakoli Lakhandur Lakhani
<b>Gondia</b>					Gondia Goregaon Tirora Arjuni- Morgaon Deori Sadakarjuni Amgaon Salekasa
<b>Wardha</b>					Wardha Deoli Seloo Arvi Karanja Ashti Hinganghat Samudrapur
<b>Chandrapur</b>					Chandrapur Gondpipri Mul Warora Chimur Bhadravati Brahmapuri Sindewahi Nagbhid Rajura Korpana Sawali Pobhurna Ballarpur Jiwati
<b>Gadchiroli</b>	<b>NO INDUSTRY DISTRICT</b>				

**Annexure-II**

**10 Lowest Districts In Maharashtra  
On  
THE HUMAN DEVELOPMETN INDEX**

<b>Sr. No.</b>	<b>District</b>
1.	Gadchiroli
2.	Yavatmal
3.	Jalna
4.	Nandurbar
5.	Washim
6.	Dhule
7.	Nanded
8.	Osmanabad
9.	Buldhana
10.	Chandrapur

**ANNEXURE III**  
**NATURE OF INCENTIVES AND CONDITIONS FOR GIVING THOSE INCENTIVES**  
**FOR TYPICAL CASES REFERRED TO IN PARA 3.10**

Sr. No.	Types of case	Conditions for incentives under the 2007 Scheme
<b>(I)</b>	<b>No incentive availed of</b>	
	<p>1. Only land and building of an Existing Unit which is set up in Group B/C/D/D+ area and which has not availed any incentives under any of the Schemes is transferred and the Transferee sets up a new project for manufacture of any product at the location of the Existing unit, after adding thereto, additional fixed assets and starts production as a New Unit, or</p> <p>2. in the above situation, land, building and plant and machinery are transferred and the Transferee acquires additional fixed assets and starts production of either the same product or an altogether new product.</p>	The incentives up to the corresponding ceilings shall be related and restricted only to the additional Fixed Capital Investment by the Unit (i.e. the investment in the fixed assets of the Existing Unit shall be excluded).
<b>(II)</b>	<b>Incentive availed partly and the unit transferred</b>	
	A New Unit eligible under the 2007 Scheme has availed incentive for a part of the period of EC.	The Transferee will be considered eligible as a New Unit provided the incentives availed by the Transferor are repaid fully in accordance with the 2007 Scheme / Procedural Rules without interest.
<b>(III)</b>	<b>Period of incentives of the Existing Unit expired but operative period of the agreement not expired</b>	
	An Existing Unit which has already availed incentive under any of the Earlier Schemes is closed after expiry of the period of eligibility but during the operative period of agreement entered into for the purpose of availing the incentives or during the currency of the loan availed as incentive, it is transferred and the transferee sets up a new project at the said location for manufacture of same and/or any new product.	<p>i. The Transferee will be considered eligible as a New Unit provided the incentives availed by the Transferor are repaid. Where the existing unit is closed within 7 years from commencement of production, the Transferor shall be liable to repay the incentives with interest thereon.</p> <p>ii. The incentive up to the corresponding ceiling shall be related and restricted only to the additional Fixed Capital Investment by the Eligible Unit (i.e. the investment in the fixed assets of the existing unit shall be excluded).</p>

<b>(IV)</b>	<b>Assets of New Units eligible under 2007 Scheme transferred before availing of incentives</b>	
	1. A New Unit eligible under the 2007 Scheme before availing any of the incentives is transferred.	Eligible as a New Unit
<b>(V)</b>	<b>Takeover and transfer by Financial Institutions</b>	
	An Existing Unit which has availed incentives under any of the Earlier Schemes or the 2007 Scheme is closed during the currency of the EC or operative period of the agreement and the concerned Financial Institution/s take over the assets of the unit and transfer the same in realization of their dues and the Transferee after adding further fixed assets starts production as a New Unit.	<ul style="list-style-type: none"> <li>i. Incentive up to the corresponding ceilings shall be related and restricted only to the additional Fixed Capital Investment by the Eligible Unit (i.e. investment in the fixed assets of the Existing Unit shall be excluded).</li> <li>ii. Such additional fixed capital investment shall not be less than twice the gross fixed capital investment of the Transferor unit as may have been considered earlier for incentives.</li> </ul>