

Invest Punjab (Industrial and Business Development Policy 2022)

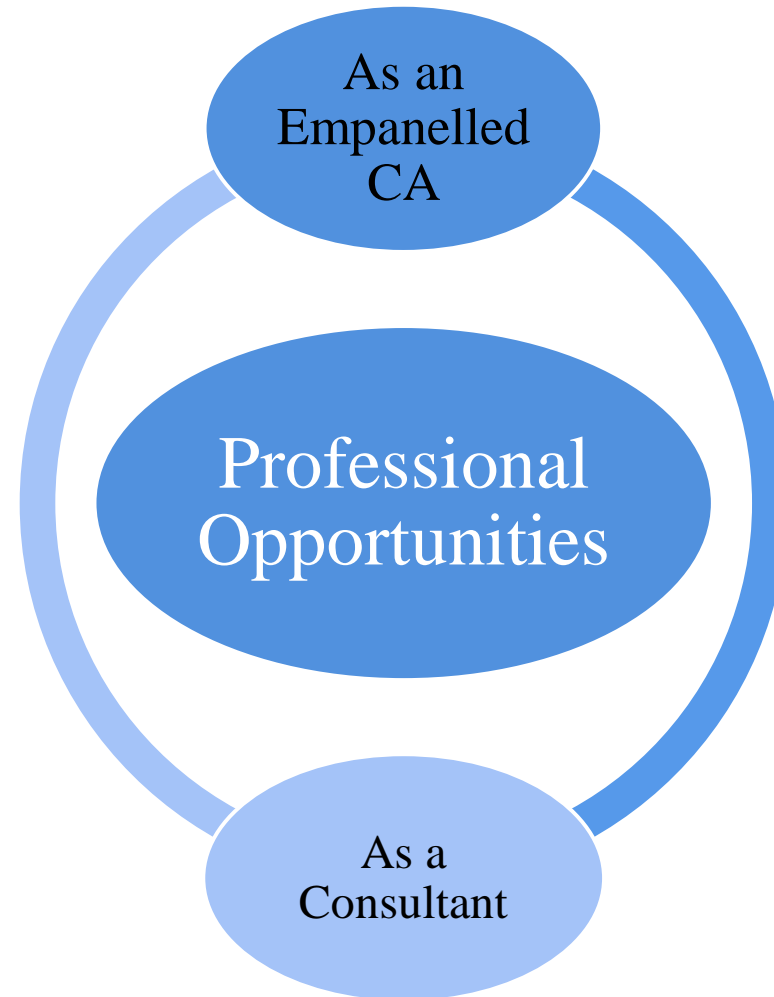
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As an Empanelled CA (Process....)

- Empanelment with department;
- Allotment of case;
- Consent within **two (2)** days;
- Verification/ scrutiny of the case;
- Time Limit for Verification/ scrutiny: 15 days/ **30 days**

As an Empanelled CA (Process....)

- Submission of Report [within fifteen 15 days/ 30 days];
- Acceptance or Rejection of the Report;
- Processing of the case;
- Sanctioning of the case;
- Raising of invoice and Fee received.

Fee Structure (Empanelled CA)

Projects	Where Building is included in FCI for claim of incentives	Where Building is not included in FCI for claim of incentives
With FCI up to 1 Cr.	5,000/-	5,000/-
With FCI up to 10 Cr.	40,000/-	25,000/-
FCI above 10 Cr.	75,000/-	60,000/-

Note: Fees will be collected by the Department of Industries & Commerce, Punjab from Investor and will be paid to the CAs after completion of scrutiny report as certified by the General Manager, Distt. Industries Centre concerned.

As a Consultant

- To guide businessman about this policy;
- To liaison with the department on behalf of the businessman;
- To help the businessman in processing the case;
- To help the businessman in getting the eligibility certificates;
- To help the businessman in getting the sanction letters.

Note: Consultation needs more time as compared to “Empanelled CA”

Major Benefits under Invest Punjab

- Exemption from payment of Stamp Duty or Reimbursement thereof;
- Exemption from payment of Electricity Duty;
- Investment Subsidy by Way of Reimbursement of GST;

What is MSME?

Definition of MSME

Particulars	Investment in Plant and Machinery or Equipment	Turnover
Micro enterprise	<= Rs.1.00 crores	<= Rs.5.00 Crores
Small enterprise	<= Rs.10.00 Crores	<= Rs.50.00 Crores
Medium enterprise	<= Rs.50.00 Crores	<= Rs.250.00 Crores

Note: MSME shall register under the ZED scheme & achieve at least up to Bronze category within 3 years.

What is New Policy?

What is Fixed Capital Investment (FCI)?

- Fixed Capital Investment (FCI) for grant of fiscal incentives under the Policy means investment on the following:

- Land;

- Building;

- Plant, Machinery & Equipments;

Major Benefits under Invest Punjab

- Exemption from payment of Stamp Duty or Reimbursement thereof;
- Exemption from payment of Electricity Duty;
- Investment Subsidy by Way of Reimbursement of GST;

Few Important Terms.....

- Date of Commencement of Commercial Production (DCP):

- DCP will be determined on the basis of the documentary evidence i.e. first sale invoice, to be provided by the investor;

- In case of Phased production/ expansion/ diversification/ Modernization, the date of production, as declared by the promoter after capitalization of complete investment in the books of accounts for relevant phase/ expansion/ diversification/ modernisation shall be reckoned as date of commercial production of particular case of Phased production/ expansion/ diversification/ Modernization.

Few Important Terms.....

- Detailed Project Report (DPR):

- In case of loan taken from bank: Detailed Project Report means a document, depicting physical financial and Non Financial projections relating to the unit, duly appraised and approved by a financial institution or a scheduled bank while sanctioning term loan and /or working capital limit;

- In case of loan not taken from bank: In case of units which had neither availed term loan nor working capital, such document shall be appraised and approved by Punjab State Industrial Development Corporation/SIDBI/State empanelled agencies/ CAG empanelled CAs.

Few Important Terms.....

- Electricity Duty:

- Electricity duty is the **duty levied** and paid to the State Government **on the electricity supplied** by PSPCL or any licensee or electricity trader or generating company to a consumer, as the State Government may notify from time to time;

- Provided that, any contributions made out of the Electricity Duty levied, such as those deposited in the social security fund, **Infrastructure Development Fund** etc., **shall not be exempted.**

Few Important Terms.....

- **Exporting Unit:**

- Exporting Unit mean an industrial unit **exporting at least 25%** of its **manufactured Products** in markets outside India with **minimum value addition of 33%**

Few Important Terms.....

- **New Unit:**

- A New Unit will ordinarily be **set up at a new site** along with separate VAT/GST registration.

- 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**, provided the unit is having **separate VAT/GST number**.

Few Important Terms.....

- **New Unit:**

- If any existing Industrial Enterprise sets up a **new unit for the same end product/new product at different location** in the same name it will be treated as new Unit for the purpose of sanction of various incentives, provided the new unit has **separate VAT/SGST Registration number**.

- If an **existing unit** undertake **expansion** at **different location** then it shall be treated as expansion case if it has **same GST number**, the **locations are separated by a canal/ Road** or are adjoining each other and **manufacturing process at both the location is interlinked**.

Few Important Terms.....

- **Stamp Duty:** Stamp Duty is duty payable as levied in schedule 1-A of Indian Stamp Act on transfer of property. It shall not include any other charges such as registration fee, infrastructure development cess, social security fee/cess etc. levied under Schedule 1-B and Schedule 1-C of the Act.

To whom Incentives
are available?

Manufacturing /
Service

**Manufacturing
Industry**

New Unit

Expansion

**Service
Industry**

New Unit

Few Important Terms.....

- **Thrust Sectors:** Thrust Sectors mean Manufacturing & Service enterprises in the thrust sectors.....

- **Manufacturing Industry:**

- (i). NRSE Equipment, Energy Storage Devices, Medical Equipment, Industry 4.0 based manufacturing enterprises
- (ii). Textiles including Apparel and Made-ups, Technical Textiles
- (iii). **Paper Based Packaging units**
- (iv). Agri & Food Processing Industries
- (v). Electronics
- (vi). Aerospace and Defence
- (vii). Biotechnology, Pharmaceutical and Life Sciences
- (viii). Processing of Agro waste (Bio mass) into Energy, Bio-Energy, manure or any other usable Form
- (ix). Bicycle and Bicycle components/ parts including e-bikes
- (x). Alloy Steel;

Few Important Terms.....

- Thrust Sectors: Thrust Sectors mean Manufacturing & Service enterprises in the thrust sectors.....

- Manufacturing Industry:

- (xi). Auto and Auto Components including Electrical Vehicles
- (xii). Sport Goods including fitness equipment
- (xiii). Hand tools including Power Tools and Machine Tools
- (xiv). Agricultural Machinery and Equipment

Few Important Terms.....

- **Thrust Sectors:** Thrust Sectors mean Manufacturing & Service enterprises in the thrust sectors.....

- **Service Industry:**

- (i). IT and ITES

- (ii). Logistics

- (iii). Skill Development Centres, Incubation Centres, Accelerators

- (iv). Healthcare

- (v). Tourism & Hospitality

- (vi). Media and Entertainment

- (vii). Maintenance, Repair and Overhaul (MRO) for Aviation and Defence Sector

Few Important Terms.....

- Thrust Sectors: Thrust Sectors mean Manufacturing & Service enterprises in the thrust sectors.....

- **Circular Economy:**

- (i). Shredding units engaged in the shredding of auto vehicles & auto parts and providing its finished products in the steel making units
- (ii). Manufacturing of Bio diesel
- (iii). Processing of Plastic waste into any usable Products
- (iv). Waste management units leading to some usable product.

Few Important Terms.....

- General:

- Manufacturing Industry:

All Manufacturing products classified under National Industrial Classification (NIC) 2008 are eligible under the Policy **except** those specified in the **negative list**

Negative List

- Manufacturing/packing of alcoholic products;
- Manufacturing of Tobacco products including Cigars, Cigarettes and Gutka;
- Brick/ Tile Kilns **except Fly Ash based bricks/tiles**;
- Vanaspati Ghee Mills;
- Rice Shellers;
- For Border districts and Kandi Area, only (i), (ii) and (iii) **above and Rice Shellers except Basmati Shellers** shall be treated as negative list of industry. Further, for Border Zone within 30 Kms of international border, only (ii) above shall be treated as negative list of industry.

Few Important Terms.....

- **Service Industry:**

Following Service Industries are eligible for the purposes of grant of fiscal incentives under the Policy:

- (i). IT and ITES
- (ii). Life Sciences
- (iii). Skill Development Centres, Incubation Centres, Accelerators
- (iv). Healthcare
- (v). Tourism & Hospitality

Few Important Terms.....

- (vi). Media and Entertainment
- (vii). Logistics: Providing warehousing services
- (viii). Maintenance, Repair and Overhaul (MRO) for Aviation or Defence Sector
- (ix). Industrial R&D labs, Industrial Testing Labs
- (x). Engineering and Design Services
- (xi). Equipment Rental and Leasing (construction and industry related)
- (xii). Equipment Maintenance and Repair

Few Important Terms.....

- (xiii). Environment services (Sewage/ refuse disposal)
- (xiv). Printing presses offset printing press, Flexi/Vinyl Printing, Flexo printing
- (xv). Design Studio with investment more than 50 lakh on Machinery & Equipment
- (xvi). Auto servicing and /or repairing units
- (xvii). Packaging activity
- (xviii). Common Utility services like steam, air, water & STP
- (xix). Any other service enterprises notified by the State Government for inclusion in the list from time to time.

Few Important Terms.....

- **Land:** Actual cost of land required for the setting up of new units or expansion/ modernisation/ diversification of the existing unit will be considered towards FCI subject to the following:
 - The cost of site levelling, clearance, laying of roads, etc. will not be considered for FCI;
 - The cost of land on lease will not be considered for FCI;
 - Optimum Land Area required for the project appraised by concerned Financial Institutions or State Agency, as the case may be;
 - In case of land allotted on 99 years lease basis by the state agencies, the allotment price of the land shall be considered as part of FCI.
 - For the purpose of incentive, the land cost shall be restricted up to 10% of the Fixed Capital Investment both for New and expansion cases.

Few Important Terms.....

• **Building:** The items of civil works which are permitted for computation towards eligible cost are:

- (i). Main Factory Shed
- (ii). Raw Material and finished products go down
- (iii). Office room and Lab room
- (iv). Cooling water ponds
- (v). Boiler shed and generator room
- (vi). Effluent treatment ponds, etc.
- (vii). Overhead Tank, bore-wells, and pump house and sump
- (viii). Fencing and Gate
- (ix). Architect fee and supervision charges
- (x). R&D laboratory/Center

Few Important Terms.....

- (xi). Compound wall
- (xii). Canteen
- (xiii). Workers' rest room
- (xiv). Time Office
- (xv). Cycle / Vehicle Stand
- (xvi). Security Shed and
- (xvii). Toilet room and sanitary fittings
- (xviii). Workers' hostel constructed in the same factory premises
- (xix). Unit's own retail outlet on the same factory premises

• **Note:** The total value of items at (xi) to (xix) and similar items shall not exceed 10% of the total value of civil works. Total value of the civil works means items (i) to (x) only within the approved project cost.

Example

- Factory Shed: 100.00 lakh, Security Shed: 5.00 Lakh
- Office: 10.00 lakh. Canteen: 5.00 Lakh
- Compound Wall: 15.00 Lakh, Cycle Stand: 5.00 lakh
- Fencing and Architect Fee: 20.00 lakh
- Total amount spent: 160.00 Lakh. How much allowed?

- Allowed: $100+10+20+[10\% \text{ of } 130] = 143.00 \text{ Lakhs}$

Few Important Terms.....

• **Plant & Machinery:**

• Consumables;

• Solar;

• Indigenous Second Hand Machinery;

• Imported Second Hand Machinery;

• Freight;

• Not allowed;

• Allowed;

• Not to be counted for FCI;
• Allowed up to 25% of the total value of plant and machinery

• Allowed;

• Allowed in case of Import;
• Not allowed in other cases

Example

- Total Machinery: 500.00 lakh,
- Indigenous Second Hand Machinery (SHM): 100.00 Lakh
- Imported Second Hand Machinery: 200.00 Lakh
- Indigenous New Machinery: 200.00 Lakh
- How Much Allowed?

- Allowed: 500.00 Lakhs (Indigenous SHM is less than 25%)

Example

- Total Machinery: 760.00 lakh,
 - Imported SHM Machinery: 200.00 Lakh, Solar: 250.00 Lakh
 - Freight paid on purchase of Machinery (Local): 10.00 Lakh
 - Freight paid on import of Machinery: 20.00 Lakh
 - How Much Allowed?
-
- Allowed: 750.00 Lakhs (Only local freight not allowed)

Few Important Terms.....

- **Items Not to be included towards FCI:**

- Working capital, raw material, stores and all consumables including spare tools, etc.;

- Value of the Motor Vehicles except specialised vehicles like Refrigerated vans, Fire fighting vehicles, Ambulances and other Industry specific vehicles **including commercial vehicles owned by the units for transportation of its staff & workers;**

- Pre-operative exps, advances, expenditure not capitalized in the books of A/cs and not certified/audited by CA supported by payment of bills wherever necessary;

Few Important Terms.....

- Items Not to be included towards FCI:

- Investment in excess of the approved project cost, However, if such investment is financed and justified by the financial institution, it may be considered. **Submission of revised approved Project report shall be allowed before the units attains commercial Production.**

- **In case of expansion, the fixed capital Investment made by the unit on Building and machinery 6 month prior to filing of CAF on IPBFP.**

Few Important Terms.....

- **FCI in Phased Manner:**

- For units with FCI up to Rs.100 Cr: up to one year;

- For Units with FCI above Rs.100 Cr and up to Rs.500 Cr: up to three years;

- For Units with FCI above Rs. 500 Cr: up to five years;

Few Important Terms.....

- In case of Expansion: It must satisfy the following conditions:
 - For a unit undertaking expansion, there shall be a **minimum 25% increase** in the FCI (original value without depreciation) **along with 25% increase in installed capacity**;

Incentives in case of Expansion

- Investment Subsidy by way of net **SGST reimbursement** shall be available on the **Incremental increase in the turnover over the average turnover of preceding 3 years or average turnover of preceding 12 months from the date of start of expansion of eligible Product/activity whichever is higher (as certified by concerned AETC)**;
- The Incentive of Exemption of **Electricity Duty** shall be available on the incremental increase in the power consumption over the average power consumption of preceding 3 years or average power consumption of preceding 12 months from the date of start of expansion of eligible Product/activity whichever is higher (as certified by the concerned officer of PSPCL);

Incentives in case of Expansion

- The Incentive of Property Tax shall be available on the additional covered Area above the existing covered of the unit (as certified by concerned MC) upto 100% of FCI;
- The Incentive of Exemption from Mandi Fees/ other taxes shall on incremental increase in the purchase of quantity of raw material over and above the average Purchase of quantity of raw material for Preceding 3 years or average purchase of quantity of raw material of preceding 12 months from the date of start of expansion of eligible Product/activity whichever is higher (as certified by the concerned District Mandi Officer) up to 100% of FCI;

Example for MSME

Table 4A

Sl. No.	Particulars	Amount (in Lacs)
1	Purchase of Land (L)	100.00
2	Paid stamp duty on Purchase of Land.	8.00
3	Construction of Building (B)	400.00
4	Plant & Machinery (M)	500.00

Example for MSME

Sl. No.	Particulars	Amount
5	My FCI is= $L + B + M = 100 + 400 + 500 =$	1000.00
6	How much incentive will I get?	?????

Example for MSME

Table 4A

Sl. No.	Particulars	Amount (in Lacs)
1	Waiver/ Reimbursement of Stamp Duty:	8.00
2	Waiver of Electricity Duty up to FCI in seven (7) years;	1000.00
3	Refund of GST paid in cash up to FCI in seven (7) years;	1000.00
4	Total:	2008.00

Example for MSME

Sl. No.	Particulars	Amount
5	FCI	1000.00
6	But Total Incentive cannot be more than 100% of FCI i.e.	1000.00

Fiscal incentives for MSME units

Fiscal incentives for MSME units

Reimbursement of net SGST on **intra-State** sale

100% of net SGST for 7 years

Capital subsidy to New Micro and Small manufacturing enterprises in Thrust Sector, Exporting Units and Micro and Small Service Enterprises engaged in providing Research and Development activities.

50% of FCI \leq INR 50 Lakh in Border districts, Kandi areas and District Bathinda, Faridkot, Mansa, Muktsar, Sangrur, Malerkotla, Barnala and 20% of FCI \leq INR 50 Lakhs in other Districts.

Note: Capital Subsidy availed by the units under any GOI/State scheme shall be excluded from the incentive.

Fiscal incentives for MSME units

Interest Subsidy for Border Districts, Kandi Areas and Women and SC Enterprises

Interest subsidy @ 5% pa subject to maximum of Rs. 5 lakh per year for 5 years.

Additional State Support of interest subsidy under CreditLinked Capital Subsidy Scheme(CLCSS)of Ministry of MSME, GOI

Interest subsidy of 5% subject to maximum of 5 lakh per year for a period of 5 years

Reimbursement of guarantee fee charged under Collateral Free (CGTMSE) Scheme

100% of guarantee fee to be reimbursed to micro and small enterprises \leq Rs.2 lac pa for 5 years

Financial assistance to MSMEs for 'Emerge' exchange platform set up by NSE

25% of the cost of Public Issue expenses, subject to maximum of Rs.10 lakh

Fiscal incentives for MSME units

Exemption from Electricity Duty

100% exemption for 7 years up to 100% of FCI

Exemption/Reimbursement from Stamp Duty

100% exemption/reimbursement from stamp duty for purchase or lease of land and building

Assistance for Technology Acquisition

50% of the cost \leq Rs.25 lakh for adopting technology from a recognized National Institute

Additional support to ZED scheme of GOI

50% of expenses \leq Rs. 5 lakh with at least gold category status under ZED scheme

Fiscal incentives for MSME units

Reimbursement of expenses incurred for Energy Audit/ Water Audit/ Safety Audit/Environment audit/steam Audit

75% subject to maximum of Rs. 1.5 lakh each

Assistance for Environmental Compliance

50% financial support subject to max of Rs. 25 lakh on capital cost

Reimbursement of expenses incurred for patent registration

75% of the expenses \leq 10 lakh for domestic patent and \leq 20 lakh for international patent

Additional Support for Performance and Credit Rating Scheme of Ministry of MSME

Reimbursement of 25% of the fee subject to maximum of 10 thousands

Fiscal incentives for MSME units

Reimbursement of expenses incurred on quality certifications

100% subject to maximum of Rs.10 lakh

Vendor Development Program

Assistance of INR 5 Cr to MSME

Marketing Support

@50% of rent \leq ₹5 lakhs for participation in International Trade Fairs abroad, @25% of rent \leq ₹3 lakhs for Domestic Trade Fairs

Freight Assistance to Exporting Unit

1% of FOB value or actual freight w.e. is less \leq Rs.20 Lac per annum for 5 years

Note: Upper ceiling of Quantum of Total Fiscal Incentives to MSMEs: \leq 100 % of FCI

How much GST will I
get in shape of refund?

Invest Punjab: Calculation of Refund of GST

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$$A = (\text{Net CGST} + \text{Net SGST}) / 2$$

If GST rate is up to 10%

Incentive amount=100% of A

If GST rate is > 10% and up to 15%

Incentive amount=75% of A

If GST rate is > 15% and up to 20%

Incentive amount=50% of A

If GST rate is > 20%

Incentive amount=25% of A



Thank You

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