



NITYA'S INSIGHT

Update on Industrial Development Scheme for new & existing industrial units and service units in Himachal Pradesh and Uttarakhand

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Dear Reader,

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry ('DIPP') undertakes measures for the growth of industrial sector in the country.

DIPP has announced the Industrial Development Scheme for Himachal Pradesh and Uttarakhand, 2017 (the 'Scheme') on April 23, 2018 to incentivize new & existing industrial units and service units in Himachal Pradesh and Uttarakhand.

The salient features of the Scheme are as under:

1) Applicability of the Scheme:

- This Scheme is available to new units getting set up or existing units undertaking substantial expansion between April 1, 2017 to March 31, 2022 in Himachal Pradesh and Uttarakhand. For the existing units, substantial expansion means minimum increase of 25 percent in the value of fixed capital investment in plant and machinery.
- A service unit is also eligible to claim this benefit if the service sector requires significant capital expenditure and has significant employment generation potential.
- The benefits available under the Scheme is in addition to the existing benefits availed by the existing units (like budgetary support for units that were availing excise duty exemption prior to introduction of GST).
- The Scheme is not available to industries listed in Annexure I thereto. The units undertaking activities of packing, sorting, cleaning, preservation during storage excluding high value packaging and processing are outside the purview of the Scheme.

2) Incentives available under the Scheme:

- This Scheme provides the following two incentives to the eligible units:

S. No.	Incentive	Particulars
1.	Central Capital Investment Incentive for access to credit (CCIIAC)	30 percent of the investment in plant and machinery; <i>or</i> Rs.5 crore <i>whichever is lower</i>
2.	Central Comprehensive Insurance Incentive (CCII)	100 percent insurance premium for a period of 5 years on: <ul style="list-style-type: none">○ Building; and○ Plant and machinery <i>(This incentive is available to industries included in Fire Policy 'C' as per All India Fire Tariffs)</i>

3) Registration process:

- The eligible units need to register online with DIPP before availing this benefit. A Committee (*inter-alia* consisting of Secretary, DIPP, representative of NITI Aayog, Secretary of the concerned Ministries etc.) will decide whether to register unit or not. At the time of granting registration, the Committee will consider following points:
 - *Prima-facie* eligibility of the unit
 - Financial factors like cost disadvantage, project viability, bankability, employment generation and promoters' risk capital. Preference will be given to MSME units
 - Availability of budget
- The unit should start commercial production within 18 months of approval. The new units which have commenced production on or after April 1, 2017, will be allowed to register with DIPP up to September 30, 2018.
- The Himachal Pradesh State Industrial Development Corporation Limited (HPSIDC) and the State Industrial Development Corporation of Uttarakhand (SIDCUL) will be the nodal agencies for disbursement of incentives under the Scheme.

From the above, it is clear that the Scheme grants significant financial incentives to eligible units. It will be important for taxpayers setting up new units or undertaking expansion in the States of Himachal Pradesh and Uttarakhand (including who have already done the same after April 1, 2017) to examine their eligibility under the Scheme and seek financial incentives if available.

We hope that you found the above update useful. Please feel free to contact in case any clarification is required.

Regards,

Team NITYA



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