Package Scheme of Incentives - 2013

Why is this beneficial for setting up Industrial units in Maharashtra?

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This document the brief on the incentives scheme of 2013 and explains how is this beneficial for setting up industries in Maharashtra
What incentives are available from the Government on setting up a Business /Industrial unit in Maharashtra?

Presently on the setting up of a new industrial unit or expansion of the existing unit in Maharashtra, state government provides subsidy through “The Package Scheme of Incentives 2013” (PSI 2013) on fulfilment of the terms and conditions of the scheme.

PSI 2013 is applicable for which type of industries?

PSI 2013 is applicable for specified industries operating in Maharashtra such as Manufacturing, Information technology, Bio technology, Cold storage, Food/Agro Processing Industries e.g. Dairy Food, Pack Foods, etc.

What is the duration of operation of this scheme?

This scheme will remain in force from 1st April 2013 to 31st March 2018, which means the scheme will be applicable to new business units and expansion projects established during this period.

Where can a unit be set up to get financial incentives under this scheme?

For the purpose of PSI 2013, the talukas of Maharashtra have been divided into 7 Groups. 1) Group “A” denotes industrially developed areas, Eg. Mumbai, Pune, etc. 2) Group “B” are those talukas which are less developed than Group “A” Eg. Alibagah, Nashik, Dhanu, etc. 3) Group “C” are those talukas which are less developed than Group “B” Eg. Bhivandi, Ratnagiri, Baramati, etc. 4) Group “D” are those talukas which are less developed than Group “C” Eg. Aurangabad, Satara, Ipatpuri, Nagpur, etc. 5) Group “D+” are those talukas which are less developed than Group “D” Eg. Paithan, Barshi, Kagal, etc. 6) Group of talukas where no industries exist eg. Gadchiroli, Hingoli, etc. 7) Group of talukas affected by naxalism in which Gondia, Kinvat, Chandrapur, etc. have been specified. The scheme provides taluka wise and group wise list of Maharashtra state. The formula of more incentives to less developed areas has been applied.

How Industries are classified under this scheme?

Industries have been classified on the basis of investment made i.e. more the capital investment in setting up business unit, more incentives are available as per the Group to which it belongs. For e.g. Micro, Small and Medium unit (MSME), Large Scale Unit (LSI), Mega and Ultra Mega Projects.

How amount of incentive is determined under this scheme?

The amount of incentive is determined on the basis of investment made in capital assets like land, building, plant and machinery, tools and equipment used in productions process, etc. On fulfilment of specified conditions, the amount of incentive is arrived at a prescribed percentage of investment according to group and period i.e. if a small industry is established in Aurangabad i.e. in Group “D” and an investment of Rs.1 Crore is made in capital assets, then up to 70% of Capital investment, incentive of Rs. 70 lacs can be availed which is to be utilized within next 10 years.

How and in which form Financial Incentives will be received?

Financial Incentives will be received in the form of Industrial Promotion Subsidy (IPS), Interest Subsidy, Electricity duty exemption, Waiver of Stamp Duty, Power Tariff Subsidy, etc. As per the previous example, incentive of Rs.70 Lacs can be utilised in the various ways given above. Amongst all, the most beneficial and popular is Industrial Promotion Subsidy, which is receivable in cash as a specific percentage of net VAT, CST and Vat paid on purchases i.e. Input tax credit i.e. units categorized under Group “D” can avail IPS on VAT + CST Paid + 40% of Input tax credit.

How much incentive is available to the existing units on expansion under this scheme?

Existing units which fulfil the conditions of the scheme for expansion i.e. a minimum investment in capital assets of 25% and also same increase in production capacity with minimum 10% increase in employment, etc. are eligible for benefit of the scheme. The existing unit can avail up to 75% of Financial Incentives available to a new industrial unit. As per above example in case of Rs1.00 Crore
capital investment, an existing unit will get 75% of Rs. 70 lacs (Incentive in case of New unit) i.e. 52.50 Lacs.

What are the other features of this scheme?

Industrial unit first need to get registered itself with “District Industries Centre” (DIC). Thereafter Industrial unit should get its project appraised by giving all the details of Capital investment. Thereafter Eligibility Certificate (E.C) is issued. Incentive is received on the amount of investment and assets which are mentioned in E.C. Further the unit has to make capital investment within the period mentioned in E.C. Business must continue up to the period mentioned in E.C. If the conditions mentioned in E.C. are not followed then Incentive can be cancelled and interest as well as penalty may be levied. For detailed information refer Government Resolution No.PSI-2013(CR-54)/IND-8 of Government of Maharashtra. Also refer Website [http://aurangabaddic.in/psi2013.pdf](http://aurangabaddic.in/psi2013.pdf)

What are the objectives of the Government behind this scheme and how people should take benefit of this?

Without Industrialization economic development of the country is not possible. An industrialist by taking capital, profitability and operational risks set up a unit and also creates employment opportunities for many. Government gets revenue by taxes and businessman gets growth. So, to give opportunities to Industrialists in the state, PSI scheme is being made available by the Government since many years, out of which presently PSI 2013 is in force. The major change in this scheme from earlier ones is getting IPS (Industrial Promotion Subsidy) benefit on Input tax credit i.e. VAT paid on Purchases made in Maharashtra State. Government gives incentives but many willful defaulters misuse the same and close down the business thereby deceiving the Government. Due to such instances, good Schemes also fail. Industrialist are very courageous persons, they should achieve their targets and contribute towards Nation’s progress. For overall growth Government should also bring Business Oriented Schemes for set up of new infrastructure, etc. Government also needs to change their attitude towards Industrialists.