



INDUSTRIAL PROMOTION POLICY 2014

(Amended as of December 2018)



Government of Madhya Pradesh
Department of Industrial Policy & Investment Promotion



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Industrial Promotion Policy, 2014

1. Madhya Pradesh as a favoured industrial destination

Madhya Pradesh (MP) is amongst the leading states in India both in terms of area and population. The state has gained a significant position in the country based on investment and economic growth. Over the years, the state has developed a robust infrastructure, favourable policy environment & industrial growth centres, which has expedited the growth of industrialization. As a result, Madhya Pradesh's state domestic product grew at a CAGR of 10.3% during 2007-08 to 2012-13 where as India's GDP grew at a CAGR of 7.15% during the same period.

The state has been at forefront in promoting industrial growth by offering gamut of incentives to promote rapid industrialization, and is able to harness its strengths to expand its economy with the support of conducive policies. State has identified thrust sectors including Auto and auto components, Textiles, Tourism, IT/ITEs, Healthcare, Skill development, Pharmaceutical, Renewable energy, Biotechnology and Logistic & warehousing which provide the required impetus to the economic growth.

MP is centrally located and has excellent connectivity across major cities of the country. It has a total road network of 58,423kms with 20 national highways passing through the state. The state is well connected with rail services to all major cities and also to international export markets via Jawaharlal Nehru Port in Mumbai and Mundra Port in Gujarat. The Delhi Mumbai Industrial Corridor (DMIC) passes through 10 districts of the state, which enhances high-speed access to ports and Northern & Western markets of India.

MP provides a peaceful labour force and stable industrial environment. The state has large number of engineering colleges (224), polytechnics (114), ITIs (415), and other vocational training institutes to ensure availability of skilled manpower across various sectors in different regions of the state.

The state has developed a strong pipeline of investments during the last five years and would continue to attract more investors by developing an enabling industrial eco system which would lead to sustainable industrialization and ensure economic prosperity of the state

2. Vision

To achieve inclusive growth and bring economic prosperity to the people of Madhya Pradesh through sustainable industrialization, employment generation and skill set enhancement.

2.1 Objectives of Industrial Promotion Policy

The key objectives of the Industrial Promotion Policy 2014 are:

- i. Rationalization and simplification of procedures to ensure effective implementation of policy
- ii. To improve investor facilitation and enhance ease of doing business
- iii. To create an enabling environment for robust industrial growth
- iv. To achieve higher and sustainable economic growth by accelerating the growth of manufacturing and service sectors through private sector participation
- v. To create an able and supportive regulatory and policy environment to facilitate private sector participation
- vi. To achieve inclusive industrial infrastructure development in the state
- vii. To promote environmentally sustainable industrial growth and balanced regional development
- viii. To enhance employment opportunities in all sectors
- ix. To encourage growth in Madhya Pradesh's thrust sectors (Agribusiness and Food processing, Textiles, Automotive and Auto components, Tourism, Pharmaceuticals, Bio-technology, IT/ITeS, Healthcare and Logistic & Warehousing)
- x. To encourage environment friendly practices in enterprise development
- xi. To provide a welcoming and facilitative atmosphere to entrepreneurs, industrialists and investors.

2.2 Strategy for promotion of Industries

The state has prepared a strategic roadmap to achieve the policy objectives through a combination of both fiscal and non-fiscal interventions. These policy interventions shall enhance the industrial competitiveness resulting in substantial increase of private sector investment in the state.

The key measures are aimed at:

- i. Creating level playing environment for all investors by enhancing the facilitation mechanism enabling them to conduct their business with ease;
- ii. Strengthening of the Single Window System to make it more effective under the provisions of the Madhya Pradesh Investment Facilitation Act 2008;
- iii. Providing competitive fiscal incentives and exemptions to attract investment;
- iv. Providing support to the investors in making government and private land available for industrial projects across different scales of investments;
- v. Upgrading of industrial infrastructure in existing industrial growth centres;
- vi. Promoting ancillarization to strengthen local vendors
- vii. Enhancing the employability of youth by focused skill development efforts;
- viii. Strengthening the MSME sector through an attractive package of incentives & concessions;
- ix. Ensuring harmony between private sector investors and local citizens through an enhanced dispute settlement mechanism;
- x. Promoting thrust sectors through sector specific promotion policies;
- xi. Establishing a 'Land Bank' bearing in mind future requirements of land for industries;
- xii. Developing world-class infrastructural facilities for industries with active participation of the private sector;
- xiii. Providing appropriate provisions for the protection of the environment and encouraging water conservation measures in industry through go-green strategies.
- xiv. Promoting industrial parks for clusters development of similar micro and small scale industries in regions of the State which are rich in raw material being used in that particular industry.

3. Eligibility

- i. This policy shall come into effect on the date of its notification in the GoMP official gazette and will remain in force till it is amended or superseded by the Government.
- ii. Investors shall have to register their proposal with the Single Window System developed by M.P. Industrial Development Corporation (formerly MPTRIFAC) and obtain a registration number to avail incentives under this policy. This registration number will be trackable online, so that investor will be able to locate the status of his proposal at any given time.
- iii. Units for which any package of incentives has already been sanctioned under IPP 2010 or earlier policies or for which the Commercial Production has commenced before the notification of this policy, shall not be eligible for benefits under this policy but will be entitled for benefits under IPP 2010 or earlier policies, as the case may be
- iv. Units commencing Commercial Production after notification of this policy, but within one year from the terminal date of Industrial Promotion Policy (IPP), 2010 (i.e. upto 31st Oct, 2016), shall be at liberty to choose a package of incentives under the current policy or IPP 2010. However, choice once made will be irreversible.
- v. Units which are not covered by clause 3(iii) and 3(iv) shall be eligible to avail benefits only under this policy.

4. Improving business climate by enhancing ease of doing business

The policy aims to improve the business environment in Madhya Pradesh by continuing to bring in regulatory reforms and simplify procedures across various departments in the state.

4.1 Strengthening the Single Window System

- 4.1.1 'Investment Relationship Managers' shall be appointed for speedy implementation of investment proposals.

These Investment Relationship Managers will be specifically designated to individual investors on case by case basis depending on total quantum of investment and nature of the project. This facility will not be applicable to the projects under Negative List.

- 4.1.2 Madhya Pradesh's Single Window System will be further strengthened and made more effective to facilitate private sector investments

- 4.1.3 An online Investor Monitoring and Facilitation System shall be launched to provide a single point interface for investors and a time bound clearance mechanism for approvals.
- 4.1.4 Single Window System shall be a repository for information regarding state's infrastructure, information about investment application processes and grievance redressal.
- 4.1.5 The Single Window System provides a transparent one stop solution for all investors by reducing the need to physically interface with various department authorities
- 4.1.6 To ensure effective implementation of Single Window System, District Trade and Industry Centre (DTIC) shall be strengthened by modernization of technology, and capacity building for the staff.
- 4.1.7 36 services from various departments have been automated for which clearance/permission can be given from the system itself.
- 4.1.8 The state single window clearance mechanism will inter-alia incorporate the following features such as
- SMS/email alert to the investors
 - Linking with Labour Department, MP Power distribution companies, Water resources department, Revenue Department and District Collectors.
 - Payment gateway
 - MIS dashboard
- 4.1.9 The portal will also act as a platform for information dissemination and will provide all information relating to rules, regulations and orders that effect investment decisions or investment implementation in the state

4.2 Cabinet Committee on Investment Promotion (CCIP)

- 4.2.1 CCIP has been constituted with Chief Minister as Chairman and Ministers of Finance, Commercial Taxes and Department of Industrial Policy and Investment Promotion as members. The CCIP has authority to deal with all issues relating to Industrial promotion. The CCIP is fully empowered to sanction a customized package of assistance beyond what has been explicitly provided in this policy. Such packages shall be available only to Mega Scale Industrial Units.

- 4.2.2 As part of the special package, CCIP can sanction fiscal concessions, tax exemptions, government dues and royalty deferments and any other incentives.
- 4.2.3 CCIP is also empowered to remove difficulties in the implementation and interpretation of this Policy.
- 4.2.4 On the request of Investors or on its own motion, CCIP may review incentive packages sanctioned to any Mega Scale Industrial unit.
- 4.2.5 M.P. Industrial Development Corporation will act as the Secretariat for CCIP and will be the nodal agency for providing these incentives.

4.3 State Level Empowered Committee

- 4.3.1 SLEC will be headed by the Chief Secretary and shall consist of Principal Secretary, Commercial Tax department; Principal Secretary, Department of Industrial Policy and Investment Promotion; Principal Secretary, Finance Department. Managing Director M.P. Industrial Development Corporation shall be the ex-officio Secretary of the Committee.
- 4.3.2 Inter departmental coordination, monitoring of investment proposals and approving incentive release within the over all customised packages sanctioned by CCIP for Large and Mega Scale Industrial Units shall be taken by the Empowered Committee. MD M.P. Industrial Development Corporation shall be empowered to disburse incentives once they have been approved.
- 4.3.3 For ensuring speedy implementation and timely approvals of investment proposals, the rules and procedures under the Madhya Pradesh Investment Facilitation Act, 2008 shall be streamlined.
- 4.3.4 The District Level Committee (DLC) shall be made more effective and empowered to decide on issues including the sanction and disbursement of incentives under approved policies for MSMEs in the state.

4.4 Regulatory Simplification

The state has already undertaken various initiatives to make the investment climate more investor friendly. Wherever necessary, effective action shall be taken for refining the business regulatory processes and strengthening the supportive institutional framework.

- 4.4.1 An inventory of legal and procedural requirements of various departments for doing business in the state has been consolidated.
- 4.4.2 The regulations, procedures, approvals, permissions, licenses shall be further rationalized to reduce redundancy.
- 4.4.3 Non-polluting SMEs shall be exempted from getting their units to be certified by the State Pollution control board.
- 4.4.4 The pollution control board shall issue the revised certificate once in every 3 years to polluting units.
- 4.4.5 The state shall ensure that all benefits of the State Investment Promotion Policies to be notified by various concerned departments within 3 months of policy notification date.
- 4.4.6 The state shall consider empowering the DTICs to approve clearance or changes in maps of factories/industries.
- 4.4.7 75% of the eligible amount against the total *VAT &*CST paid by the investor every year shall be reimbursed on submission of the tax deposit certificate issued by the Commercial Tax department. The remaining 25% of the eligible amount shall be reimbursed after the assessment.
- 4.4.8 The state shall consider empowering the DLCs to approve all claims that are sent by MSMEs in the state
- 4.4.9 'Land Bank' shall be established in the state for industrial purposes by identifying suitable government/ private lands
- 4.4.10 Online Application and Land Allotment system shall be launched to fasten the land allotment process.
- 4.4.11 M.P. Industrial Development Corporation will function as the Single window for all application procedures& online application system.

4.5 State Industry Advisory Council

- 4.5.1 The State Industry Advisory Council has been constituted under the chairmanship of the Chief Minister to strengthen public private dialogue and advise on industry trends, policy suggestions and regulatory reforms.
- 4.5.2 The State Minister for Commerce and Industry is the deputy chairman of the Council. The State Finance Minister and the Ministers for Energy, IT, Urban Development & Environment, Agriculture, Horticulture and Food Processing, along with the Vice Chairman State Planning Board are members.

*Clause 4.4.7 stands deleted from 1/04/2018 onwards as per GoMP order no F16-18/2013/B-11 dated 13/10/2017

5. Inclusive growth

The state government intends to focus on MSMEs for achieving a holistic industrial growth. The following steps have been undertaken by the state government:

- Incentivizing MSME to enhance their competitiveness for achieving higher growth
- Targeted skill development programs to address manpower requirements of MSMEs
- Development of new industrial clusters with adequate infrastructural facilities to meet futuristic demands of the cluster
- Uplifting infrastructure facilities of existing industrial clusters to fulfil growing needs of ancillary units
- Encourage ancillary units by promoting establishment of new vendor units in close vicinity of mother units

5.1 Cluster based approach

5.1.1 Cluster based approach is increasingly being recognized as sustainable, cost-effective and an inclusive strategy to ensure competitiveness and improvement of Micro, Small and Medium Enterprises (MSMEs). Considering the importance, state government has laid special emphasis on cluster development approach.

5.1.2 New industrial clusters with plug and play facilities shall be developed.

5.1.3 Infrastructural facilities in existing industrial clusters shall be upgraded so as to meet the growing needs of industrial units in the cluster.

5.2 Ineligible industries

5.2.1 In order to promote the growth of MSMEs, the state government has reviewed the list of ineligible industries and reduced the number of industries in the non-eligible list from 52 to 19.

5.2.2 All the industries other than those listed in ineligible list are eligible and entitled for incentives provisioned under this policy.

5.3 Marketing assistance

With a view to create more business opportunities for micro and small enterprises, state has taken various interventions to facilitate linkages between

vendor and anchor units. State government intends to increase the growth of local vendors by taking following measures:

- 5.3.1 Directorate of Industries and the Department's Corporations shall carry out a coordinated campaign within and outside the state to attract industrialists/entrepreneurs for investment in the State.
- 5.3.2 Industrial trade fairs shall be organized and State's participation would be promoted on a regular basis at national and international level through Madhya Pradesh Trade Fair Authority.
- 5.3.3 State would organize marketing events for MSMEs like Buyer-Seller Meets, trade fairs, reverse buyer seller meets. All the MSMEs and mother units shall be encouraged to participate in such marketing events.
- 5.3.4 Madhya Pradesh LaghuUdyog Nigam (MPLUN) shall organize workshops between the anchor and vendor units.

6. Industrial infrastructure – The Growth Engine

6.1 Land concessions

Availability of land is a primary requisite for sustainable industrial development. The State Government has substantial availability of both government and private land parcels for industrial development. In order to further enhance the rate of industrialization, the State Government shall consider following measures pertaining to land availability:

- 6.1.1 Developed industrial land shall be made available at a competitive price to the investors.
- 6.1.2 CCIP may consider concession on the prescribed premium rate, if the investor intends to set up a project on raw (undeveloped) government land.
- 6.1.3 50% assistance subject to a maximum of INR 1 crore each shall be provided to medium, large and mega scale industrial units for developing power, water & road infrastructure, if the investor acquires private land or gets undeveloped government land for setting up of project.
- 6.1.4 The land allocation rules shall be further simplified to expedite the allocation process.

6.2 Leveraging DMIC & Investment Corridors

- 6.2.1 Early bird projects identified under DMIC nodes, namely, Knowledge City Ujjain, Multi-modal Logistic Hub, Indore-Pithampur Economic Corridor and Power Equipment Manufacturing Hub, Rajgarh etc. shall be implemented.
- 6.2.2 The state has strategically created investment corridors such as Bhopal-Bina, Bhopal-Indore, Jabalpur-Katni-Singrauli & Gwalior-Shivpuri-Guna along the state and national highways to fasten the economic growth and create more employment opportunities.
- 6.2.3 Various projects such as Air cargo terminal, Integrated Agro/Food processing zone, integrated logistic hub, integrated townships, Gas based industrial park, Rural Park, Engineering Technology Park, Knowledge cities, etc. shall be developed to enhance infrastructure in the state.

6.3 Encouraging private partnership for Infrastructure Development

- 6.3.1 An enabling policy and institutional mechanism shall be developed to attract private investment and leverage its efficiency to provide quality infrastructure and services.
- 6.3.2 Initiatives of the investors in developing private industrial areas/ estates either in PPP mode/individual entrepreneurs/ Companies/Co-operatives shall be encouraged with a supportive package.
- 6.3.3 *To encourage the private sector in the development of infrastructure, special assistance will be provided to the projects relating to establishing industrial parks, food parks, high-tech parks or any other parks relating to manufacturing industries in the state. An assistance of 15% of the expenditure on establishment/ development of industrial park subject to a maximum limit of INR. 5 crores will be provided to promote subject to the condition that such developed industrial park should have a minimum area of 10 acres, and minimum of 5 industrial units. The agency/investor developing such industrial park would be reimbursed the assistance within 1 year from the substantial completion of the project on fulfilling the required conditions indicated at the time of sanction.

6.4 Plan and augment Industrial Infrastructure

- 6.4.1 The planning of infrastructure in existing and new areas shall be done in line with industry requirements.
- 6.4.2 Existing industrial areas shall be expanded as needed and new industrial areas shall be developed with necessary industrial infrastructure.
- 6.4.3 The industrial infrastructure shall be developed at all regions for balanced and equitable growth.
- 6.4.4 The industrial infrastructure shall be developed based on the geographical strength and after assessing the demand of the sector.
- 6.4.5 Land in industrial areas/growth centres will be allotted after developing necessary infrastructure in industrial areas.
- 6.4.6 Areas having good potential for development of industrial and commercial infrastructure shall be identified. In these areas,

*Partially amended as per the GoMP order no. F16-06/2017/A-Eleven dated 12/06/2017

infrastructure shall be developed with private sector participation/Industrial Development Corporations.

- 6.4.7 New/expanded industrial areas, where 100 acres or more area is to be developed, a maximum 20 percent of the total land will be reserved for housing/commercial activities.
- 6.4.8 Necessary social infrastructure facilities like hospital/ dispensary, school, training centre, creche, housing, shopping centre, fitness centre, recreation centres, rest houses, labour welfare centre, hotel and warehouses, etc. will be established in industrial areas either through department's corporations or private sector participation.
- 6.4.9 Establishment of Truck terminals in all the major industrial parks will be promoted. In the case of Private Industrial Parks, the Developer shall be mandated to provide adequate Truck Parking Bays.
- 6.4.10 Measures shall be taken to earmark at least 20% of the land for MSME sector in new non-PPP industrial areas for necessary vendor development support to the large projects.
- 6.4.11 Multi storied industrial complexes for micro and small scale enterprises shall be constructed in order to ensure optimum productive use of land either through Department's Corporations or private sector participation at potential industrial areas.
- 6.4.12 Industrial areas having more than 500 acres shall be allotted 10% of total area for development of warehousing facilities.
- 6.4.13 Rules relating to allotment and management of land will be rationalized and made investor friendly.
- 6.4.14 Any changes to be made in the land use in the notified industrial areas shall be approved as per Town & Country Planning Act

7. Skill development

Government of MP realizes that one of major impetus towards achieving sustainable industrial growth is ensuring availability of skilled manpower. Hence, state has taken up skill development as its key focus area and established a nodal agency Madhya Pradesh Council for Vocational Education & Training (MPCVET). The state government has undertaken following steps to ensure expansion of training infrastructure of the state :-

- Establishment of government ITIs and polytechnic colleges
- Establishment of Mega ITI in major industrial hubs
- Formulation of skill development policy detailing industry friendly incentive to promote private sector participation in realm of skill development resulting in increase in number of private ITIs and polytechnic
- In order to harness the social capital in rural areas, block level training centres have been established
- Establishment of Rural Self Employment training Institutes (RSETIs) in all the districts in collaboration with district lead bank
- Targeted skill development programs towards meeting the industry needs

8. Green Industrialization

- 8.1 Small, Medium, Large & Mega industries shall be provided a capital subsidy of 50% upto a maximum of INR. 25 lakh for investment in setting up of waste management systems (such as ETP, STP etc.), pollution control devices, health and safety standards, water conservation/harvesting etc.
- 8.2 Government of Madhya Pradesh (GoMP) is also focusing on promotion of environment friendly development through green and clean technologies, conservation of natural resources, waste minimization and recycling etc.
- 8.3 GoMP shall facilitate the polluting industries which are located inside city limit/ municipal limit / metropolitan areas to relocate to the designated industrial areas.
- 8.4 GoMP would encourage water harvesting and recycling in all its existing and new industrial areas.
- 8.5 Facilitate setting up of effluent treatment plants and hazardous waste treatment plants in various industrial estates and cluster with private sector participation.

9. Promotion of Ancillaries to develop local vendors

- 9.1 The state government with a view to strengthening the supply side of industrial ecosystem is promoting establishment of ancillary units near mother units.
- 9.2 New vendor units established in premises or within a radius of 50 km from mega scale industrial unit in Electric & Electronic hardware, Chemical, Petrochemical & Fertilizer, Pharmaceutical, Engineering, Leather & Leather goods, Textile & Automobile sectors, with a minimum sale of 75% of their product to the mother unit, shall be eligible for the same package of incentives as given to the mother unit. The mother unit shall be permitted to 'sub-lease' the land to the vendor unit. The mother unit shall ensure that the vendor unit shall be eligible for 'sub-lease' only if it (vendor unit) satisfies the above criteria.

10. Fiscal assistance

- 10.1* Fiscal assistance under this policy deals with incentives/concessions available only to manufacturing & tourism sector. Tourism projects with an investment of over INR 50 crore (excluding value of land) for setting up outside the Municipal Corporation's limit shall be given option to avail incentives provided in Industrial Promotion Policy 2014. It is clarified that tourism projects shall be eligible to avail benefits under only one investment policy of the state government i.e. tourism projects who desire to avail benefits under IPP will not be eligible to avail incentives under tourism or any other policy of the state government. Above assistance will be provided by the tourism department to units and to this extent the provision shall be part of the tourism policy.
 - 10.1.1 It may be noted that if there are two policies which provide similar incentives/concessions, then the investor is eligible for claiming the incentives/concessions from only one policy.
 - 10.1.2 Any MSME which has availed the incentives under the "Mukhyamantri Swarojgar Yojana" or "Mukhyamantri Yuva Udyami Yojana" shall not be eligible to avail the similar incentives under the industrial promotion policy. The remaining incentives can be availed from the industrial promotion policy as per the eligibility.
 - 10.1.3 However, if a manufacturing unit wishes to avail financial assistance from Govt. of India over and above its eligibility under this Policy, it may do so subject to the condition that it may not be subsidized to more than what it has invested.
 - 10.1.4** In any case, the gross investment assistance given to the unit will not exceed the capital investment made in the unit i.e. total assistance being provided to the unit including incentives provided by other departments should not exceed the total amount of investment made by the unit in fixed capital investment.
 - 10.1.5*** To avail benefits under Industrial Promotion Policy- 2014 (As amended 2018), it shall be mandatory for industrial units to provide 70% of the total employment to bonafide residents of Madhya Pradesh. This provision shall be applicable to such industrial units who commence commercial production after the date of issue of order in this reference.

*amended as per the GoMP order no. F16-18/2018/A-Eleven dated 28/08/2018

**added as per the GoMP order no. F16-18/2018/A-Eleven dated 28/08/2018

***added as per the GoMP order no. F16-18/2013/B-Eleven dated 19/12/2018

10.2 Definition of units:

S. No.	Type of unit	Description
1	Micro scale industrial unit	A manufacturing enterprise having an investment less than INR 25 lakh in plant & machinery
2	Small scale industrial unit	A manufacturing enterprise having an investment between INR 25 lakh and INR 5 crore in plant & machinery
3	Medium scale industrial unit	A manufacturing enterprise having an investment between INR 5 crore and INR 10 crore in plant & machinery
4	Large scale industrial unit	A manufacturing enterprise having an investment more than INR 10 crore in plant & machinery
5	Mega scale industrial unit	An unit having an investment more than: <ul style="list-style-type: none"> • INR 100 crore in plant & machinery • INR 25 crore in plant & machinery in sectors including Food Processing, Bio-technology, Herbal & Minor forest produce, Tourism & IT

10.3 **For the purpose of incentives and their applicability, plant & machinery shall mean investment made in plant & machinery, buildings & sheds, but shall not include land & dwelling units.

10.4 Capital subsidy: Subsidy on plant & machinery only to eligible units will be given as below:-

S. No.	Type of unit	Percentage of subsidy	Maximum amount of subsidy (INR lakhs)
1	Micro & Small scale industrial unit	15	Subject to a ceiling of INR 15 lakh

*wef 1st April 2018, Investment made in plant and machinery shall not include the investment made by the unit in land and buildings

**wef 5th October 2018, Investment made in plant and machinery shall include the investment made by the unit in plant, machinery, buildings & shed excluding land and dwelling units. This order shall be applicable to those units who have commenced commercial production after the date of issue of this order.

10.5 Interest Subsidy: Eligible units will get interest subsidy on term loan as given below :-

Type of Units	Interest subsidy
Micro scale industrial unit	5% with annual ceiling of INR 3 lakh for 7 years
Small scale industrial unit	5% with annual ceiling of INR 4 lakh for 7 years
Medium scale industrial unit	5% with annual ceiling of INR 5 lakh for 7 years

10.6 *Entry tax exemption: Exemption from entry tax shall be as follows

S. No.	Type of unit	Entry tax exemption
1	Micro, Small, Medium, Large & Mega scale industrial unit	<ul style="list-style-type: none"> • Five years for an investment made upto INR 500 crore in plant & machinery • Seven years for an investment more than INR 500 crore made in plant & machinery

- If necessary, amendments will be made in the Entry Tax Act for abolishing liability of entry tax on raw materials purchased by one industry from another industry situated within an industrial area or industrial growth centre by considering such industrial area as one local area.
- Entry tax Act will be suitably amended if necessary, to abolish liability of entry tax on transfer of semi-finished products from one industrial unit to another industrial unit situated in a different local area for intermediate processing/finishing and transfer back to the original unit for manufacture of final saleable product.
- If necessary, provisions will be made in the Entry Tax Act for treating the industrial units, which are established or spread over more than one local area, as established in one local area for the purpose of entry tax.
- Entry tax rates would be rationalized as needed to keep entry tax rates at par with those in other competitive states.

10.7 *VAT & CST Assistance : Eligible enterprises (except textile units) will be given reimbursement after adjusting the input tax rebate on the amount of value added tax (VAT) and central sales tax (CST) (excluding the amount of value added tax on purchase of raw materials) deposited by them to the extent shown below :

S. No.	Type of unit	Eligibility under “**Priority block”	Eligibility for all other remaining districts
1	Micro and small manufacturing enterprises having fixed capital investment of at least INR 1 crore and Medium scale industrial unit	50% for a period of 7 years	50% for a period of 5 years
2	Large & Mega scale industrial unit	75% for a period of 10 years	75% for a period of 7 years

**Priority block: Blocks having no large/mega scale industrial unit as on policy notification date

10.7.1 The amount of assistance provided to the units shall not exceed the total investment made in plant and machinery.

10.8 Electricity duty exemption: All eligible units having 'High Tension (HT)' connection by any DISCOM in the state by 3rd March 2019 shall be exempted from electricity duty as given below on terms and conditions brought over vide notification no. F-3-23-2013-XIII published in Gazette of Madhya Pradesh (extraordinary) on 4th March 2014.

S. No.	Type of unit	Period of exemption
1	Micro, Small, Medium, Large & Mega scale industrial unit	<ul style="list-style-type: none"> • For 33 KV connection : Upto a period of 5 years • For 132 KV connection : Upto a period of 7 years • For 220 KV connection : Upto a period of 10 years

* Clause 10.6 & Clause 10.7 stand deleted wef from 1st April 2018 as per the GoMP order no F16-18/2013/B-Eleven dated 13/10/2017

10.9 Mandi Fee exemption: All Food processing units shall be given exemption from mandi fee for a period of five years or a maximum of 50% of investment in plant & machinery (whichever is lower).

This fee exemption shall be made available to those units, which purchases agriculture produces of this state.

10.10 Mega investment shall also be considered for sanction of special economic and other package on case to case basis by Cabinet Committee on Investment Promotion (CCIP), according to requirement of such projects and keeping in mind the resources available in the State.

10.11 Fiscal assistance – Special textile package

10.11.1 Micro, small and medium textile units shall be given an investment subsidy of 10% of eligible investment made in TUFs approved plant & machinery subject to a maximum limit of INR 1 crore.

10.11.2 Interest Subsidy:

S. No.	Type of Units	Interest subsidy
1	For New Units with an investment of upto INR. 25 crores in Fixed Assets	2% for 5 years from the date of commercial production on term loan taken for TUFs approved plant & machinery subject to a ceiling of INR. 5 crore.
2	New standalone units with an investment of more than INR. 25 crores in fixed Assets or Expansion/Diversification of Existing Standalone unit with fresh investment in TUFs approved plant & machinery of at least 30% of existing investment in fixed Capital Assets (Not less than INR. 25 crores) or INR. 50 crores, whichever is less	5% for 5 years from the date of commercial production on term loan taken for TUFs approved plant & machinery

3	New composite unit* with an investment of more than INR. 25 crores in fixed Assets or Diversification of Existing Standalone unit into a composite unit	7% for 5 years from the date of commercial production on term loan taken for TUFS approved plant & machinery
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*For an unit to be classified as Composite Unit, it should be doing either of the following manufacturing activities irrespective of its locations (location may be same or at different places within the state of Madhya Pradesh) and utilising at least 75% of primary produce (such as yarn) as an input to the downstream activities :

- Cloth manufacturing using thread and processing activities (weaving / knitting and processing activities)
- Cloth processing and manufacturing (processing and garmenting)
- Thread manufacturing – Apparel manufacturing using thread, processing and apparel manufacturing using clothes (spinning - weaving / knitting – processing & garmenting)
- Made-up articles

10.11.3 *Entry Tax Exemption :

S. No.	Type of Units	Exemption
1	For Units with an investment of upto INR. 100 crores in plant & machinery (as defined in clause 10.3)	For five years
2	For Units with an investment of more than INR. 100 crores in plant & machinery (as defined in clause 10.3)	For seven years

10.11.4 *VAT & CST Assistance :

Industrial Investment Promotion Assistance will be given for 8 years from the date of commercial production, within an overall ceiling of investment in TUFS approved plant & machinery, to Units with investment of INR. 1 Crore or more in fixed capital, as described below :

- Cotton ginning – equivalent to the CST paid on interstate sale of ginned cotton
- Spinning mill - equivalent to the computed gross CST on interstate sale of cotton yarn;
- Cloth manufacturing unit (Cloth is a tax free product) - equivalent to VAT paid on purchase of raw material** by the manufacturing unit; and
- Readymade garment/Apparel unit - equivalent to VAT & CST paid on sales of readymade garment/apparel

However, the assistance shall not be more than net tax deposited with Government of M.P.

10.11.5 25% subsidy shall be given for establishment of Apparel Training Institute to a maximum limit of INR 25 lakh.

*Clause 10.11.3 and 10.11.4 stand deleted wef from 1st April 2018 as per the GoMP order no. F16-18/2013/B-Eleven dated 13/10/2017

** Replaced by Department of Industrial Policy and Investment Promotion, notification no. F-16-11/2014/B-11 dated 22/8/2016.

11. Expansion/Diversification/Technical Upgradation

- 11.1 Established large and medium industrial units, which invest 30 percent of existing investment in plant & machinery or INR 50 crore (whichever is less) on expansion/diversification/technical up-gradation, will be eligible for assistance/facilities at par with new industrial units.
- 11.2 Established small scale industrial units, which invest minimum 50 percent of its existing investment in plant & machinery (not being less than INR 25 lakh), shall be eligible for assistance/facilities at par with new industrial units.
- 11.3 Micro and small pharmaceutical manufacturing enterprises shall get assistance on investment at par with new units if these units invest additional INR 10 lakh or 50 percent of existing investment in plant & machinery (whichever is more), on expansion/diversification.
- 11.4 The above facility will be available to the industrial units only on production being more than the previous installed capacity. The unit will not be given benefit of the facility, if this condition is not met.
- 11.5 The units eligible for incentive in expansion/diversification/technical up-gradation is determined as below:

S. No.	Type of unit	Eligibility
1	Small scale industrial unit	Investment made in plant & machinery during last 2 years and the next one year from the date of production
2	Medium scale industrial unit	Investment made in plant & machinery during last 3 years and next 2 years from the date of production
3	Large scale industrial unit	Investment made in plant & machinery during last 3 years and next 3 years from the date of production

12. Revival of sick units

- 12.1 Sick industrial units will be identified and district level database will be created.
- 12.2* The State Government would give facilities/concessions on revival of sick/closed industrial units after acquisition/ purchase as described in Annexure-I: 'Special Package, 2014'.
- 12.3* Facilities/concessions for revival/ rehabilitation of Large and Medium industrial units situated in the State will be given as described in Annexure-II: 'Policy Package, 2014'.
- 12.4 Madhya Pradesh Small Scale Industries Revival Scheme 2014 will be applicable for small scale sick industries as described in Annexure-III.
- 12.5 The facilities/concessions provided to sick units shall not be applicable to units falling under the ineligible industry list mentioned in the Annexure-IV.

13. Relief for financially constrained units

- 13.1 Deferment of Government Dues: Projects facing financial constraints after achieving financial closure may also need government support to survive in the long term. Currently, packages are available for sick units, however keeping in mind the needs of units under financial distress in critical sectors of the economy such as Manufacturing, Mining & Quarrying, Power, Gas & Water supply, the following incentives are provisioned for such units:
 - 13.1.1 Government dues including royalties and government duties (except taxes), will be allowed to be deferred for a maximum period of twelve years. In case deferment is not possible because of provisions of law, such unit will be entitled to deposit the amount and claim the refund of same as loan for equivalent period.
 - 13.1.2 Recommendation of the project lead financial institution in this regard would suffice to make such units eligible to be considered financially stressed.
 - 13.1.3 In order to avail the facility under 13.1.1, a project SPV or its promoters shall submit a bank guarantee of 110% of payable/paid dues with validity not less than the sought deferment/loan period. Alternatively, for projects in which State Government or its agencies are expected to make payments to project, a tripartite agreement can also be signed among the lenders, project

*wef 28 August 2018, clause 12.2 and 12.3 stand deleted and replaced by Annexure A. This package shall be applicable to large scale industrial units only

promoters and State Government or its agency stating that in case of default by the project promoter for the deferred/loan amount, the same can be adjusted against the payment due to the project. An interest amount calculated as per SBI Base Rate shall be levied for the deferment/loan period in all such claims.

- 13.1.4 This facility shall be applicable only for mega investment of more than INR. 500 crores.
- 13.1.5 This facility shall not be applicable during the time period in which benefits under VAT & CST reimbursement is being availed by the units.
- 13.1.6 This facility shall not be applicable for activities pertaining to trading and services sector.

14. *Specific financial assistance for food processing industries

For promoting the establishment of food processing industries in the state, specific financial assistance to be provided small and medium enterprises as follows.

14.1 Investment Promotion Assistance: The amount deposited by the food processing industries during preceding financial year towards VAT and Central Sales Tax shall be made 100 % available as a set off for a period of 10 years as Investment Promotion Assistance. The ceiling on Investment Promotion Assistance shall be equal to 200% of investment made by the Industry

14.2 Assistance on Electricity Consumption: The current Electricity Tariff Policy provides for INR. 1.00 per unit concession to all food-processing units. Reimbursement at the rate INR. 1.00 per unit shall be made available to Cold Storage, Cold Chain, Ripening Chambers, Individual Quick Freezing units on full payment of electricity bill raised by Electricity Distribution Companies. This assistance shall be available for 5 years from the date of production/Commercial commencement (functioning) of the industry. Seasonal LT Industrial Category (LV-4) consumers have been exempted from general tariff in off-season in the current Electricity Tariff Policy. Accordingly during off season, billing will be done on 10 % of the contract demand or actual consumption on general tariff whichever is more. This exemption will be available to all food processing units

14.3 Reimbursement on obtaining Quality Certification: In order to encourage existing and new food processing industries for obtaining latest quality certifications like Hazard Analysis and Critical Control Point (HACCP), Good Manufacturing Practices (GMP), ISO 9000, Agmark, Good Laboratory Practices (GLP), Total Quality Management (TQM) etc, 50% of the fee for obtaining such certifications subject to an upper limit of INR. 5.00 lac shall be reimbursed.

14.4 Reimbursement for Promotion of Research and Development : In order to promote Research and Development activities in food processing units, INR. 5.00 lac per patent shall be reimbursed for obtaining each patent. Moreover, on transfer of technology from Government Research Institution, 50% of the expenditure on such technology transfer subject to a ceiling of INR. 5.00 lac shall be reimbursed.

* Added through Notification No. 1892/921/2016/A-Eleven dated 06.08.2016 of Department of Industrial Policy and Investment Promotion

14.5 Reimbursement on Transportation: In order to promote exports, 30% of the expenditure incurred on transportation of processed goods to Inland Container Depot /port by a food processing unit based on perishable commodity shall be reimbursed with a ceiling of INR 10.00 lac per annum. This assistance shall be available for 5 years from the date of first production. This assistance shall not be available on transportation of flour, rice and soy oil.

14.6 Capital Subsidy

14.6.1 Capital subsidy at the rate of 25 percent of investment made in plant, machineries and building for establishment/ modernization/ technological up-gradation shall be available to a food processing unit with a limit of INR 2.5 Cr. This assistance shall be available to Food Processing units having investment up to INR 25 crore but maximum subsidy shall not exceed INR 2.5 Cr. This assistance shall not be applicable for flour mills, Oil mills based on soybean and paddy processing units in Balaghat district.

14.6.2 For better waste disposal, a Food Processing unit shall be reimbursed 25% of the investment on plant and machinery subject to a limit of INR 1.5 crore for Captive power generation/ production of organic manure from waste or residue material.

14.6.3 Investments on plant and machinery for cold chain for non-horticultural produce like milk, value addition and preservation infrastructures shall be provided assistance in the form of subsidy at the rate 50% subject to a ceiling to INR 10 Crore. This assistance shall also be available to large industries. As this assistance is available in existing scheme of Government of India, the same shall be made available through scheme of Government of India and in case, sanction is not available from Government of India, the assistance shall be provided by the State Government.

14.6.4 Promotional Scheme:

14.6.4.1 In order to create/enhance awareness towards food processing, 50% grant-in-aid subject to a limit of INR 3.00 lac shall be provided for organizing National/ International Workshops/Seminars

14.6.4.2 50% financial assistance subject to a limit of INR 3.00 lac will be provided to institutions participating in

National/International level fair/Exhibition related to food processing towards hiring a stall and return fare for two persons by rail. For participation in fair/exhibition at international level, lowest rate in economy class shall be provided but extent of such assistance shall not exceed INR 3.00 lac.

- 14.7 Financial assistance of 50% subject to a limit of INR 1.00 crore will be provided to food processing units for setting up primary processing and collection centers specifically in rural areas. Collection centre should ideally be built upon 1-2 acre land where facilities of weighing, cleaning, sorting, grading, packing, Pre-cooling, dry warehouse, etc should be available.
- 14.8 Applications received from the end date of M.P. Agro-business and Food Processing Policy 2012 till the date of applicability of this policy where construction work has been started shall be eligible for financial assistance as per M.P. Agribusiness and Food Processing Policy 2012.
- 14.9 Following assistances shall be provided for creating required infrastructure for development of food processing industries:

14.9.1 Setting up of Mega Food Park

In order to promote setting up of food processing units and to provide them better infrastructure, Private investor setting up Mega Food Park, under the guidelines of Government of India Food Processing Ministry, will be provided with a financial assistance of 15% of the project cost subject to a ceiling of INR 5 crore. Such assistance shall be available on setting up of 10 food processing units in the developed park. The assistance shall be payable as top-up subsidy.

14.9.2 Setting up of Food Park

A financial assistance of 50% of the project cost subject to a ceiling of INR 5.00 crore will be provided for setting up a Food park in 30 acre land in the State. This assistance shall be provided on setting up of minimum 10 food processing units in the developed park.

14.9.3 The stamp duty paid by the promoters on transfer of land by the promoter(s) to SPV for setting up Mega Food Park shall be reimbursed.

14.9.4 On instruments of transfer of developed land in a food park executed

by the developer of the park in favor of a food processing unit the remission shall be granted subject to the following conditions, namely:-

- (a): The land used in the park for development of common infrastructure shall be adjusted against the land demanded by the unit by increasing 30% in the demand and thus the duty charged on the instrument of purchase of the said land shall be adjusted on the land transferred, or
- (b): If on adjustment no duty is required to be paid then the minimum duty for the transfer shall be INR. Five Hundred only.

14.10 Advertisement and Marketing:

Advertisement will be published from time to time in order to promote setting up of food processing industries. Awareness camps and road shows will also be organized.

- 14.11 Under this programme, the work related to sanction of subsidy and assistance will be carried out by the Directorate of Horticulture and Food Processing.

15. Specific financial Assistance for large-scale food processing projects

The following specific concessions are proposed for large-scale industries in food processing sector, with an intention to encourage industries and services such as large cold storage, cold chain, lifting chamber, industrial quick freezing and attracting maximum investment. These concessions shall be subjected to terms and conditions of active food processing schemes

15.1 *VAT/CST Assistance: After adjustment of input tax rebate by the eligible unit, 100% of the VAT and central sales tax, deposited by the unit will be made available for a period of 10 years. The maximum ceiling of assistance will not exceed 200 percent of the amount invested in the plant and machinery.

15.2 Power consumption Support: As per the prevailing electric tariff, new customers of high tension connection will get a subsidy of INR. 1 per unit or 20 per cent, whichever is less. This rebate shall be payable for a period of 5 years from the date of production / business operation for food processing units. In off season, the higher of 10 percent of the contract demand or actual recorded demand, shall be billed at normal tariff, this support is applicable to all food processing units of related category.

15.3 Assistance for establishment of cold chain for agriculture / horticulture / dairy processing: 35% of the expenditure on establishment of cold chain for agriculture / horticulture / dairy processing, shall be payable subject to a maximum of INR 5 crore

15.4 Special assistance for establishing food parks:

15.4.1 Infrastructure Development Assistance : To encourage the establishment of food processing projects in the state and to improve the infrastructure, according to the Guidelines for the setting up of mega food park issued by Ministry of Food Processing Industries, Government of India, an assistance of 15% of project cost (maximum amount INR. 5 crores) in establishing mega food park by a private investor, shall be provided. This assistance shall be payable on the establishment of minimum 10 units in the developed park. This assistance shall be payable in the form of top-up.

*Clause 15.1 stands deleted wef 1st April 2018 as per GoMPorder no. F16-18/2013/B-eleven dated 13/10/2017

15.4.2 Stamp Duty Support:

- (i) Stamp duty will be reimbursed to the promoters for transferring their land to Special purpose vehicle for establishing mega food park
- (ii)^{***} According to the provision contained in the Notification No.FB-4-29-2014-2-Five (01) dated 02.01.2015 issued by the commercial tax department for exemption / reduction of stamp duty on documents, in favour of food processing unit, under the Indian Stamp Act, 1899, the instrument executed for the transfer of land developed in the food park will be exempted under the following conditions:
 - (A) The charges for the purchase of the said land will be adjusted in proportion to the landed area; and
 - (B) If on adjustment no duty is required to be paid then the minimum duty for the transfer shall be INR. Five Hundred only

15.5 Exemption from Mandi Fee

15.5.1 All eligible food processing units will be exempted from the Mandi Fee for maximum 50% of investment in plant and machinery or 5 years whichever is less (whichever is less).

15.5.2 This exemption shall be applicable for those units who shall purchase agricultural produce from the state.

15.5.3* Mandi Fee exemption will not be applicable for expansion / diversification / technical upgradation units.


15.6 **Entry Tax Exemption - Eligible food processing units shall be offered exemption in entry tax from the first raw material purchase date for a period of 7 years.

15.7 Electricity Duty Exemption - In view of the provisions contained in Notification No. F-3-23-2013-Thirteen published on March 4, 2014 in the Gazette of Madhya Pradesh, all eligible food processing units, which have taken new high tension connection from the state's power distribution companies, between 04 March 2014 to 02 March 2019, will be eligible for

* Clause 15.5.3 stands deleted as per the GoMP order no. F-16-05/2017/A-eleven dated 15/09/2017

** Clause 15.6 stands deleted wef 1st April 2018 as per the GoMP order no. F16-18/2013/B-eleven dated 13/10/2017

***Clause 15.4.2 (ii) stands deleted wef 1st October 2017 as per the GoMP order no. F-B-4-09/2015/2/Five- dated 21/06/2017 issued by Commercial Tax Department



exemptions in the form of electricity duty, up to a period of 5 years for 33 KV connections, up to a period of 7 years for 132 KV connections and for the period of 10 years for 220 KV connection.

The benefits of provisioned facilities under special package for food processing industries will be provided to the wide range of units that start production / operation in the effective period of applicability of the special package.

This package will be effective from the date of its notification in the official Gazette of Madhya Pradesh rules and the benefits of the announced incentives in the package will be payable only for the period of notification post the notification date and effective till the revision or supersession by the government.

Other facilities announced under the Industry Promotion Policy, 2014, will be available to the units receiving the benefit of this special package as per the eligibility.

16.* Investment Promotion Assistance for Large Scale Industry

GST (Goods and Services Tax) implemented from 1st July, 2017, is an important step in the field of indirect tax reform in India. Due to the implementation of GST, erstwhile VAT / CST reimbursement related incentives and entry tax exemptions to the industries under the current industrial policy shall become inapplicable. As a result large scale industries commencing their commercial production from April 01, 2018 to March 31, 2022 will be eligible for Investment Promotion Assistance in lieu of above incentives.

16.1 Investment Promotion Assistance for Large Scale Industrial Projects (projects with investments in Plant & Machinery more than INR 10 crores) will be determined in a four-stage process as mentioned below-

Annual Investment Promotion Assistance = Yearly Basic Investment Promotion Assistance (YBIPA) X Yearly Production Multiple (GSM) X Export Multiple (EM) X Employment Multiple (EYM)

(16.1.1) Basic Investment Promotion Assistance (BIPA) :-

- Basic Investment Promotion Assistance (BIPA) for other than food processing industry =
$$\text{IF}(P\&M > 1500, 150, \text{MIN}(\text{IF}(P\&M < 11, 0.4 * P\&M, \text{MIN}(4 + 0.098 * (P\&M - 10) + P\&M / (10.88) * \text{MAX}(1 - P\&M / 1490, 0) + 7.2 * (1 - P\&M / 1500), 0.4 * P\&M)), 150))$$
- Basic Investment Promotion Assistance (BIPA) for food processing industry = $1.5 * (\text{Basic Investment Promotion Assistance for other than food processing industry})$
- Basic Investment Promotion Assistance for an investment in Plant & Machinery more than 10 crores shall vary between 40% to 10% based on above formula.
- It is clarified here that Basic Investment promotion assistance shall be limited to maximum INR 150 crores in any condition (i.e. both for food processing and industry other than food processing the Basic Investment Promotion Assistance shall be limited to INR 150 crs.)

Yearly Basic Investment Promotion Assistance (YBIPA) = Basic Investment Promotion Assistance / 7

If the commercial production commences before 30th September of relevant year, it shall be considered as the base/first year for commercial operation date. However, if the commercial production commences after 30th September of relevant year unit shall be provided an option to choose current year or next year as their base/first year for commercial operation date.

(16.1.2) Gross Supply Value Multiple :-

- Gross Supply Value Multiple shall be considered as 1 for first year provided the capacity utilization for the unit is 40% of the installed capacity. For the subsequent years gross supply value multiple shall be considered as 1 provided the gross supply value of that year is 75% or more viz-a-viz maximum of previous years' gross supply value. In case the gross supply value is less than 75% the Investment Promotion Assistance shall be proportionately reduced as per the given formula.

Gross Supply Value Multiple (GSM) = MIN (75%, AGS/PPYS)/75%

Peak Previous Year Gross Supply -PPYS

Actual Gross Supply in the Reviewed Year- AGS

1. Maximum GSM value shall be '1'.
2. GSM for first year should be '1' provided utilization of installed capacity is at least 40%
3. To have a gross supply value multiple of 1, minimum GSP should be 75% of peak previous year annual Gross Supply (PPYS); this implies if the AGS is lesser than 75% of PPYS, there will be a proportionate decrease in GSM.

(16.1.3) Export Multiple(EM) :-

Export units on export of atleast 25% to 75% of their production shall be eligible for Investment Promotion Assistance in the range of 1.0 to 1.2 over and above Basic Investment promotion assistance.

Export Multiple (EM) = IF [Export Value/Production Value < 25%, 1, IF {Export Value/Production Value < 75%, 1 + 0.2*(Export Value/Production Value - 25%)/50%, 1.2}]

Export Value – Value of exports in INR Crs

Production Value – Value of total production in INR Crs

- ♦ If export value is less than 25% of production value, Export Multiple (EM) will be 1.
- ♦ For export value of 25% to 75% of production value, Export Multiple (EM) will range from 1.0 to 1.2.
- ♦ For export value of more than 75% of production value, Export Multiple (EM) will be 1.2.

(16.1.4) Employment Multiple (EYM) :-

- The employment multiple shall vary from 1.0 to 1.5 , based on the employment generation by a unit in the range of 100 employees to 2500 employees.

$$\text{Employment Multiple (EYM)} = \text{MAX}[1, \text{MIN}\{1.5, (1 + (\text{AE} - 100) * ((1.5 - 1) / (2500 - 100)))\}]$$

Average Employees in the Reviewed Year (AE) – Average employee count of the company in the reviewed year;

AE will be derived as = $\Sigma(\text{Employee count at the month end for each month of the financial year}) / 12$

1. Till 100 employees (AE), EYM will be 1
2. From 100 to 2,500 employees (AE), the EYM will increase from 1 to 1.5, proportionately
3. For 2,500 and above employees (AE), EYM is capped at 1.5

(16.1.5)* Geographical Multiple :

- Manufacturing units setting up in priority blocks will be eligible for an additional Investment Promotion Assistance of '1.2' times over the Basic Investment Promotion Assistance (BIPA). However this Geographical Multiple will be '1' for cement units and the Export Multiple for cement units will also be considered as '1'.
- Basic Investment Promotion Assistance (BIPA) for setting up unit in priority blocks = 1.2* (Basic Investment Promotion Assistance for units in non priority blocks)

16.2 Applicability of Investment Promotion Assistance :-

16.2.1 Investment Promotion Assistance shall be effective for units starting commercial production from 01 April 2018 to 31 March, 2022. The units which shall invest upto 75% of their proposed investment till the last date (31 March, 2022), shall be provided additional time of 1 year to commence commercial production and avail the benefit of the proposed assistance.

16.2.2 The option to avail the benefit of investment promotion assistance shall be available to investment projects as defined below: -

- (A) Units who have submitted Intention to Invest on the website of M.P. Industrial Development Corporation under the Industrial Promotion Policy 2014;

*Added as per the GoMP order no. F16-18/2018/A-Eleven dated 28/08/2018

OR

Investment proposals for whom any customized package has been approved by Cabinet Committee on Investment Promotion

OR

Those projects who have been issued in-principle sanction letter to avail incentives provided under Industrial Promotion Policy 2014

AND

(B) Commercial production date is after 1st April 2018 and before 31st March 2022

- 16.3 The investment made by the unit in plant and machinery, upto one year after the date of commencement of commercial production shall be considered for calculation of investment promotion assistance.
- 16.4 Investment Promotion Assistance would be disbursed quarterly or annually as per the discretion of M.P. Industrial Development Corporation.
- 16.5* Investments made by the unit in the plant and machinery, and excluding investment made in the land and building will be considered for determining eligibility of Assistance.
- 16.6 Units established in the Special Economic Zones shall not be eligible for investment Promotion Assistance.
- 16.7 The Department of Industrial Policy and Investment Promotion shall be empowered and authorized to amend, relax and to remove any discrepancy and define interpretations of provisions of "Madhya Pradesh Investment Promotion Scheme 2014" in relation to "Large Scale Industrial Investment Projects" to implement this clause of policy.

*wef 5th October 2018, Investment made in plant and machinery shall include the investment made by the unit in plant, machinery, buildings & sheds excluding land and dwelling units. This order shall be applicable to those units who have commenced commercial production after the issuance of the order.

17.* Special Financial Assistance for Large Scale Units under Garment Manufacturing Sector

The State Government, for the purpose of encouraging value addition in Textile sector, has approved special financial assistance and the rules / procedures thereof, to Large scale units under garment manufacturing sector, which are as follows:-

17.1. Definition

17.1.1 Ready-made garments and made-ups definition: Wearable clothes or non-wearable stitched clothes, in which at least two-ends of clothes have been stitched using a sewing machine

And

Whose Intention to Invest proposal has been filed on website of M.P. Industrial Development Corporation (formerly MPTRIFAC)

And

Who commence commercial production on or after the date of issue of notification of this special financial assistance in the sequence of Industrial Promotion Policy 2014

17.1.2 Capital Investment on plant and machinery: As per State govt. order No F 16-18/2013/B-11 dated 13/10/2017, applicable as defined in point no 4.1, Madhya Pradesh Investment Promotion scheme 2014 (amended January,2018) under the Industrial Promotion Policy, 2014 (as amended 2018)

17.1.3 Large Scale Unit : A unit whose investment in Plant and Machinery is more than INR 10 crore

17.2 Details of Available incentives under special financial assistance/concessions

Special Financial Assistance to Garment manufacturing units shall include interest subsidy, Investment promotion assistance, training expense/employment generation assistance, reimbursement of stamp fee and registration fee, exemption from electricity duty and rebate on power tariff. The maximum limit of assistance, including all these shall be 200% of investment made by the unit in Plant & Machinery. Investment in Plant & Machinery shall mean investment made by the unit during last 3 years and next 3 years from the date of production.

17.2.1 Interest Subsidy: 5 % interest subsidy for 7 years on term loan taken for Plant & Machinery approved under Amended Technology Up-gradation funds (ATUFs) scheme of Govt. of India, Ministry of Textile.

17.2.2 Investment Promotion Assistance: As per the State govt order no F 16-18/2013/B-11 dated 13-10-2017 large scale garment manufacturing units shall be provided the benefit of investment promotion assistance.

17.2.3 Training expense/Employment generation Assistance

a) Reimbursement of Training Expense : In view of the requirement of the technical and skilled employees to textile projects, skill development and training

*Added as per the GoMP order no. F 16-17/2017/A-Eleven dated 09/04/2018

expenses reimbursement assistance of INR. 13000 per new employee shall be provided for 5 years. The assistance shall only be provided to employees domicile of Madhya Pradesh.

- b) Employment Generation Subsidy :** All the new employees appointed in the period of first eight years from the date of commencement of commercial production in the unit by the employer, will be eligible to receive benefit of an assistance of INR 5000 per employee per month. The assistance period will be maximum 5 years. This assistance will be limited to a period of 10 years from the date of commencement of commercial production, which means that the new employee appointed in the eighth year will be eligible for employment generation subsidy from the date of appointment for the next two years.

The mentioned assistance will be subject to the following condition:

S.No	Duration	Minimum Average Percentage of Madhya Pradesh domicile employees in the unit out of total number of employees since the date of commencement of production in the unit
1	Within 1 year	50%
2	Within 3 year	75%
3	Within 5 year	90%

On non compliance of the above conditions, there shall be a proportionate reduction in the employment generation subsidy being provided to the unit.

- 17.2.4 Reimbursement of Stamp Duty and Registration Fee :-** Units who take land on lease in industrial areas established by the State Government will be reimbursed the stamp duty and registration fee charged on lease land.

- 17.2.5 Concession in Development Fees :** In accordance with the provisions of Madhya Pradesh State Industrial Land and Building Management Rules, 2015; in addition to the effective concession of land premium, garmenting units will be given 50% discount in the development fee charged on units in the case of taking lease land in the industrial area.

- 17.2.6 Concession on Electricity duty :** All eligible new units will be provided electricity duty exemption for a period of 7 years from the date of taking the electrical connection.

- 17.2.7 Concession on Power tariff :** Power supply at a fixed rate of INR 5 per unit on any new electrical connection, for 5 years from the date of commercial production in the unit.

- 17.3 Specific condition for special financial assistance / concession :** Specific financial assistance for garment manufacturing sector will be available to large scale units.

- 17.4 Applicability, effective period, clarification and scope of special financial assistance/concession for Garmenting sector :** Benefit of special financial assistance/concession shall be available under terms and condition to those large scale garment manufacturing unit starting commercial production from 01 April 2018 to 31 March, 2022. The units which shall invest upto 75% of their proposed investment till the last date (31 March, 2022), shall be provided additional time of 1 year to commence commercial production and avail the benefit of the proposed assistance.
- 17.5** Eligible units shall not be entitled to other benefits/assistance as defined under Madhya Pradesh Industrial Promotion policy, 2014 (as amended 2018)
- 17.6** Units established in industrial areas developed or notified by M.P. Industrial Development Corporation shall only be eligible for these incentives.
- 17.7 Amendment, Relaxation / Revocation Powers -:** Regardless of the provisions under the special financial assistance to the Garmenting Sector, the Government may, at any time,
- 17.7.1** may modify or cancel any provision
 - 17.7.2** provide relaxation in implementation of provisions
 - 17.7.3** issue directions and instructions and provide guidance for interpreting the implied provisions in order to facilitate execution of the provisions
- 17.8** All incentives under Special financial assistance/rebate for Garmenting sector shall be provided in accordance to the applicable terms and conditions of Madhya Pradesh Investment Promotion scheme 2014 (as amended 2018) under the Madhya Pradesh Investment Promotion Scheme 2014 (as amended 2018) released by MP M.P. Industrial Development Corporation.

18.* Special financial assistance to logistic & warehousing hubs/parks

18.1. Definition: -

The logistic and warehousing hub / park is defined as an under implementation/ proposed unit in which logistic and warehousing infrastructure is being developed in any district of Madhya Pradesh and whose Intention to Invest has been filed in the website of M.P. Industrial Development Corporation and which has started commercial operation on or after the notification date for this special financial assistance in the sequence of Investment Promotion Policy 2014 (as amended 2018)

It is also to be noted that the logistic and warehousing hub / park should be providing mechanized material handling equipment, storage of processed products (secondary produce) and other related trade and commercial facilities. Also the park should have clear provisioning of allied infrastructure such as internal road, electricity and water supply, communication services, sewage and drainage facility etc. It is clarified that the primary agricultural products shall not be included in the aforesaid storage facility

18.2 Specific financial assistance / concession / details of incentives-

18.2.1 Investment Assistance – Excluding land cost, unit shall be provided reimbursement of 15% of the total capital expenditure in plant, machinery and building (which will not include dwelling unit) subject to a ceiling of maximum INR 15 crores. The plant and machinery shall include all handling equipment, measurement equipment, safety equipment, generator set, pollution control devices, R&D equipment, transformers, necessary maintenance equipment etc.

18.2.2 Reimbursement of Stamp Duty and Registration Fee - 100% reimbursement of stamp duty and registration fee on Instrument of Mortgage executed in connection with obtaining loan from banks/financial institutions taken for logistic & warehousing hub/park and on purchase of land.

18.2.3 Exemption from Electricity Duty - Similar to manufacturing unit all eligible warehousing and logistic hub shall be provided electricity duty exemption, under applicable terms and condition, on high tension (HT) electricity connection obtained from State's power distribution company as follows :-

5 years for 33 KV connection

7 years for 132 KV connection

10 years for 220 KV connection

18.2.4 Infrastructure Development Assistance - All eligible Logistic and Warehousing Hubs / Parks will be provided infrastructure development assistance in following manner :-

50% assistance upto the maximum limit of INR 1 crore will be provided against the expenses made for development of the external Road/Rail infrastructure (access to the project site)

18.2.5 Assistance related to land use:

18.2.5.1 Floor Area Ratio (FAR) and Ground Coverage (GC) - Logistic and Warehousing Hubs / Parks will be permitted additional FAR and Ground coverage in planning and non-planning area as follows

(A) Land use parameters for logistic and warehousing in the planning area are as follows-

Permissibility in land use	Development Norms			Minimum width of approach road (in Meter)
	Minimum Area (In Hect.)	Maximum Ground Coverage	Maximum Floor Area Ratio (FAR)	
1. Industrial Area	1.00	60%	1:0.60	12
2. Agricultural Land	2.00	60%	1:0.60	12

In addition to above mentioned norms it is mandatory to maintain a 6.0 meter M.O.S around the plot.

(B) Land-use norms for logistic and warehousing hubs/parks outside the planning area: -

Permissibility in locations	Development Norms			Minimum width of approach road (in Meter)
	Minimum Area (In Hect.)	Maximum Ground Coverage	Maximum Floor Area Ratio (FAR)	
Outside Habitat Areas	2.00	60%	1:0.60	12

In addition to above mentioned norms it is mandatory to maintain a 6.0 meter M.O.S around the plot.

18.2.5.2 Land allotment in Industrial Areas - Logistic & Warehousing hub/ parks will be allotted land in developing / developed industrial areas under Department of Industrial Policy and Investment Promotion on 'first come first serve' basis at the prevailing land rate applicable for industrial purpose

18.3 Terms and Conditions for specific financial assistance / concession

18.3.1 Layout plan approved from the Town & Country Planning office.

18.3.2 Minimum land area requirement for the development of logistic and warehousing parks will be as follows: -

- Within Planning area -
 - Minimum 1 hectare in industrial area
 - Minimum 2 hectare in Agriculture area (within the planning area)
- Outside the planning area - minimum 2 hectares

18.3.3 Logistic Hub/park unit should be operational for a minimum of 7 years after its completion. otherwise the assistances provided will be recovered.

18.3.4 Proposed Logistic Park will be mandated to start operation within 3 years from the date of approval/sanction.

18.3.5 All statutory permissions / approvals have been received.

18.4 Applicability, extension and clarification for special financial assistance / concessions to logistic and warehousing hubs / parks

The benefits of special financial assistance and other incentives approved under this scheme will be available as per the terms & conditions to logistic and warehousing hubs/units which commence operation from the date of issue of the order in this reference to 31 March 2022.

The units availing incentives, under the special financial assistance will not be eligible to avail other incentives under Industrial Promotion Policy, 2014 (as amended 2018) and other investment policies of the state government. But such units can submit applications to the Cabinet committee of Investment Promotion as per the prescribed procedure for the customized packages (customized package of incentives).

18.5 The powers of amendment, relaxation/repeal :- Irrespective of provisions contained in special financial assistance for logistic and warehousing hubs / parks, the Government of Madhya Pradesh, Industrial Policy and Investment Promotion Department at any time -

18.5.1 Can amend or cancel this provision

18.5.2 Can relax the implementation of its provisions

18.5.3 Can issue instructions and guidance on elaborating existing provisions as well as remove discrepancy to facilitate easy implementation of the scheme

18.6 All the incentives available under special financial assistance / concessions towards logistic and warehousing hubs / parks shall be extended based on procedure and terms and conditions as defined in Madhya Pradesh Investment Promotion Scheme, 2014 (as amended January, 2018) issued by M.P. Industrial Development Corporation under Industrial Promotion Policy, 2014 (as amended 2018)

19.* Incentives to provide employment for persons with disabilities/specially abled persons (Divyangjan) in private sector

19.1. Units providing employment to Persons with Disabilities (minimum 5% of total workforce) will be eligible for following incentives :

- 19.1.1** Skill Development - 100% Reimbursement of expenses incurred on Skill Development training of Persons with disabilities in government ITIs.
- 19.1.2** Employees' Provident Fund and ESI Assistance - Reimbursement of employees' contribution being deposited by employer for specially-abled employees – maximum INR. 6,000/month or actual amount deposited (whichever is less) will be reimbursed for 5 years.
- 19.1.3** Reimbursement of premium paid on the insurance of such specially-abled employees who are not eligible for free insurance under the Ayushman Bharat Scheme 2018.
- 19.1.4** If such industries have received the above assistance under any Government of India scheme, then such assistance will be deducted from the incentive payable.

*Added as per the GoMP order no. F 16-18/2018/A-Eleven dated 28/08/2018

Note : A separate MP MSME Development Policy 2017 of Department of Micro, Small and Medium Enterprises, Govt. of Madhya Pradesh for MSME units has come into force wef 01-04-2018.

Special Package for revival of Large Scale Sick/ Closed units & units with Change in management

1. **Applicability of special package-** The benefit of this special package will be available only to those projects which are governed by Industrial Promotion Policy 2010 (as amended 2012) or later applicable policies.
2. **Benefit of continuation of previous sanctioned assistance on restart of closed unit after change in management** - The benefit of continuation of earlier sanctioned assistance shall be provided only in case if the production in the unit was restrained for more than 1 year and assistance will be provided for additional eligible period & that period will be equivalent to closure period of production.
3. **Facility of payment of outstanding dues** - Interest charges on arrears due, till the date of closure, payable to departments/institutions will be waived off if the arrears are cleared within 3 months from the acquisition in a one-time settlement otherwise option will be made available for clearing such arrears in 6 half yearly instalments.
4. **Incentive similar to new units** - If the fresh investment in Plant & Machinery is 30% of previous investment in Plant & Machinery or INR 50 crore (whichever is less) then facilities as per eligibility under prevailing policy will be extended to the unit treating it as a new unit.
5. **Mega Project Status** - If fresh investment in Plant & Machinery is more than INR. 100 Crore then the unit shall be accorded status of Mega Project and will be able to submit application as per rules before the CCIP for customised package.
6. Ineligible industries as defined in the Industrial Promotion Policy 2014 (as amended 2018) will not be eligible for provisioned incentives defined in this annexure.

*Annexure A has replaced Annexure I & II w.e.f. 28 August 2018 as per the GoMP order no. F 16-18/2018/A-Eleven dated 28/08/2018

4. List of ineligible industries

S.No.	List of Ineligible Industry
1	Beer and liquor (excluding winery)
2	Slaughter house and industries based on meat
3	Manufacturing of all kinds of pan masala and gutkha
4	Manufacturing of Tobacco and tobacco based products
5	Manufacturing of plastic bags of thickness 40 micron or lesser
6**	Incentive for industrial units set up by central or state government or their undertaking can be provided by CCIP after considering proposals on case to case basis as per policy
7	Stone crusher
8	Grinding of minerals
9	Defaulter of state government/state government undertaking
10	All types of mining activity (where there is no value addition)
11	Activities pertaining to trading and services
12	Manufacturing of Charcoal
13	Refining of edible oils (Independent unit) and Soya bean oil producing units (Including refinery)
14***	Cement (Including clinker) manufacturing
15	Publishing and Printing processes of all types (Other than rotogravure/flex printing)
16	Manufacturing of ornaments and other articles of bullion of gold & silver
17	Saw milling & planning of wood
18	Pressing of iron/steel scrap into blocks or any other shapes
19	Any industry declared by state government from time to time

*Annexure B has replaced Annexure IV, w.e.f. 28 August 2018 as per the GoMP order no. F 16-18/2018/A-Eleven dated 28/08/2018

**Amended as per the GoMP order no. F 16-18/2018/A-Eleven dated 28/08/2018

***Point 14- 'Cement (Including clinker) manufacturing' stands deleted from List of ineligible industries as per the GoMP order no. F 16-18/2018/A-Eleven dated 28/08/2018

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