

INDUSTRIAL POLICY – 2013

1. *Background.*— 1.1 The Union territory of Puducherry has a total area of 479 sq.kms. with a total population of 12.44 lakhs as per last census. It comprises of four coastal enclaves in South India. Puducherry is situated 170 kms. south of Chennai, Karaikal 150 kms. south of Puducherry while Yanam is about 900 kms. away in the lap of Kakinada District of Andhra Pradesh and Mahe in Kerala is 650 kms. away in the West Coast. Keeping in view the need for the investment of investable surplus, the administration has taken a number of major initiatives to upgrade the infrastructure in Puducherry to boost economic growth in this region.

1.2 With its reputation of being an investor-friendly, the Union Territory having proven track record of attracting surplus investment and has witnessed vibrant industrial growth over the years. Eventhough there was some industrial slow down for a few years because of the general down turn in the economy, the growth continues. Puducherry has nearly 77 large and 8,732 Micro, Small and Medium Enterprises (MSMEs) and with an investment of ₹ 2,696 crores, these industries are deemed to be the life blood of Puducherry economy providing employment to about one lakh persons.

Description	Large enterprises	Medium enterprises	Micro/small enterprises	Total
(1)	(2)	(3)	(4)	(5)
Number of industries	77	188	8544	8809
Investment (₹ in crores)	1255	585	856	2696
Employment (persons)	18511	11591	71390	101492

1.3 In order to facilitate sustained and balanced industrial development, the first Pondicherry Industrial Policy was notified in 1997 which sought to promote industrial development by bringing in simplified procedure and through a package of fiscal incentives. While the world economy is recovering from the meltdown, India emerging as the 2nd fastest growing economy, the Union territory of Puducherry is expected to be one of the key drivers of the economy. There is a need to review the existing industrial policy in view of renewed emphasis laid by the Government of India on the manufacturing sector in the economy and to secure additional employment opportunities to the youth. Manufacturing sector has to be made robust and should become the engine of growth. Accordingly, the Government of Puducherry would also need to accord high priority to manufacturing sector and hence need to rework the existing industrial policy.

1.4 Puducherry is emerging as a regional hub in the area of service industry, education, health, IT, food and vegetable processing, pharmaceuticals, automobile components etc. Puducherry could also help the national economy by reversing the pattern of exporting raw materials and importing finished products, thereby providing domestically manufactured goods to our markets and also to export such goods. Therefore, the existing industrial policy should be reviewed.

2. *Working of the Industrial Policy 1997 : An evaluation.*— 2.1 The existing policy aims to promote sustainable and balanced industrial development by gainfully utilising the human resources so as to improve the standard of living. It had identified agro processing, electronics and software development, leather products, light engineering and textiles as thrust areas. In order to promote industrial development, the policy announced certain fiscal incentives and came out with a simplified procedure of licensing. Also the policy assured creation of infrastructure facility across the Union Territory apart from the structural changes in the existing system. The policy, which was supposed to be a vision document for half a century, was announced when the country was witnessing the economic reforms in the globalised scenario.

2.2 The industries sector witnessed an annual growth rate of 5.7 % prior to the announcement of the policy. And the Union Territory had the Compounded Annual Growth Rate (CAGR) of 1.8% between 1997 and 2011. Though there was rapid industrial growth during the operational period of the policy, there was a brief lull after 2002 mainly due to withdrawal of tax concessions and the downturn in the economy at national level. However, there is a recovery in the industrial growth in the last two years and this sector has witnessed a growth rate of 3.3% and as a result the contribution of manufacturing sector to the GSDP has increased from 48% in 2002-07 to 50% in 2009-10.

(i) The policy provided for sensitisation of the technical institutions on training the manpower required for industries; but no study was conducted to identify the skill required by the industry.

(ii) The existing policy provided for a consultative forum to have constant dialogue with stakeholders, setting up common facilities in the industrial estates, upgradation of infrastructure, an exclusive fund for development of infrastructure in outlying regions, a committee for ensuring balanced industrial development, coir growth centre, reservation for SC/ST/Women entrepreneurs in industrial estates and the setting up of the Bureau of Industrial Promotion. The implementation of these recommendations are lagging for want of a system for a review of the industrial policy.

(iii) All the tax concessions have been withdrawn and the scheme of subsidy needs to be restructured.

(iv) The policy did not provide for a long-term vision for the infrastructure development.

3. *Goal of the new policy.*— The industrial sector plays a vital role in the economic development. With the changing global and domestic environment, the new industrial policy has been framed which aims at promoting industrial growth in the context of overall economic development of the Union Territory with following goals:—

(i) To achieve industrial growth rate of 7% p.a. with manufacturing sector contributing 60% share to the GSDP.

(ii) To establish/foster/facilitate synergy between primary and secondary sectors.

(iii) To establish an investment friendly climate through transparent and proactive governance.

4. *Objectives of the New Industrial Policy 2013.*— The policy further seeks to promote integration of private initiatives in the development process in the Union Territory by:—

(i) Ensuring balanced and sustainable industrial development in all the regions of the Union Territory, while conserving all aspects of environment.

(ii) Developing a strong manufacturing sector with focus on employment generation, product competitiveness and value addition in products.

(iii) Promotion of rapid industrialisation and making Puducherry the most preferred investment destination with the ultimate objective of achieving inclusive growth.

(iv) Achieving higher export growth.

(v) Improving the standard of living through gainful employment by enhancing the employability and skill sets of the work force.

5. *Specific policy issues requiring attention to achieve the goals and objectives outlined above.*— (i) **Simplification of regulations :** To sensitise the administration to the needs of industry and to create industry friendly environment by simplifying rules and procedures. Eventhough the industrial policy followed hitherto provide that all the line departments should ensure that license is issued within the stipulated time, inordinate delays are encountered in the disposal of applications. Drastic steps are being taken to simplify the procedures to ensure time bound clearances by the respective licensing authorities through e-governance or by other means to make Puducherry hassle free investment destination.

(ii) **Monitoring and consultative mechanism :** An urgent relook required is focussed on putting in place an effective mechanism for monitoring the progress in industrial sector in general and to monitor to cut procedural delays in particular. Appropriate mechanism curtailing procedural delays so as to promote the industrial growth in the right perspective paving way for sustainable economic growth will be evolved.

(iii) **Withdrawal of tax concessions :** As all the tax concessions have since been withdrawn, scheme of incentives needs to be reworked to retain existing industries as well as to attract new investments.

(iv) **Inadequate infrastructure :** The infrastructure available is to be upgraded. Though the existing policy provides for setting up of common facilities in the industrial estates, industrial estate does not posses many facilities. A comprehensive scheme for maintenance of industrial estates will be evolved. Also, improvement in infrastructure of roads, airport, railways and waterways will be taken care of. More emphasis in this field required in Karaikal will be attended to as this area remains largely untapped.

(v) **Skill development :** Major emphasis will be laid on skill development to ensure that value is added to the products, and at the same time product remains competitive.

(vi) **Small area and small local market :** The Union Territory having a total area of 479 sq.kms. land is scarce and maintaining land bank is not possible. Puducherry is far from the sources of raw material as well as large markets for finished products, leading to higher logistics costs. Policies will be worked out to put into place to overcome these major constraints.

(vii) **Labour issues :** Flexibility in employer - employee relationship, freedom to employers to engage employees, but at the same time ensuring security of jobs to employees.

6. *Prioritisation of industries.*— 6.1 Puducherry's plan priorities clearly focus on the targets and objectives contained in the National Common Minimum Programme. The new policy will give priority to industries that substantially fulfill all or most of the following criteria :

- (i) Energy efficient and eco-friendly industries;
- (ii) Low water intensive industries;
- (iii) Employment intensive industries;
- (iv) Industries which can sustain on local resources;
- (v) Industries that generate multiplier effect;
- (vi) High technology, high productivity and knowledge based industries;
- (vii) Export oriented industries;
- (viii) Industries having large national market and proven domestic competence such as automobiles etc.
- (ix) Small and medium enterprises of diverse nature.

7. *Thrust area industries.*— Based on the above criteria, following industries are identified as thrust areas, which will receive Government attention through benefits and support, both fiscal and non-fiscal on priority.

(A) **Manufacturing sector :** Following industries under manufacturing sector come under the thrust area :

- (i) Textiles and garments;
- (ii) Leather products and Footwear industries;
- (iii) Gems and Jewellery;
- (iv) Food processing;
- (v) Agro processing, including marine products;
- (vi) Automobile components;
- (vii) Light engineering including general engineering workshop and job work;

- (viii) Medical equipments;
- (ix) Paper products (excluding water intensive);
- (x) Electronic industries.

(B) Other sectors :

- (i) IT hardware and software and ITES
- (ii) Alternative and renewable energy products
- (iii) Bio technology based industries.

8. *Government control.*— (1) **Simplification of procedure and regulations :** One of the main complaints of the industries is the cumbersome procedure and compliance burden for getting clearances, particularly for starting a new industry. Eventhough the existing policy has attempted to ensure a timely clearance regime, this objective could not be achieved. The need of the hour is to allow the industries to self-regulate. However, since it cannot be made at once, gradual steps in that direction must be taken now. With that objective in view, the new policy proposes to have the following mechanism :

(i) (a) Once application is made and line departments need any clarification, such clarification should be sought within a period of five working days of the receipt of application. A second and last clarification can be sought in rare cases, within five working days of getting the first clarification.

(b) Licences / clearances must be issued or denied by the concerned department strictly within the specified period as mentioned in the Annexure-I .

(ii) In case the decision is not taken in the stipulated time period, the non-issuance of clearance will be deemed to have been given on expiry of the timeline.

(iii) Self-declaration by medium and large industries is permitted enabling them to start production so that they do not lose time and money in getting clearances. This will be subject to giving an undertaking by the entrepreneur in stamp paper to all the line departments in the formats to be devised by them, broadly declaring that (i) they will get the required clearances within a period of one year from the date of starting production. However, the units should obtain clearances/N.O.C. from pollution angle from department of Science, Technology and Environment (DSTE), Puducherry before the commencement of production for Red and Orange category industries. All line departments will amend their rules governing grant of clearances/licenses to industries to that extent.

(iv) The Director of Industries and Commerce will appoint one of its officers as a Nodal Officer to pursue clearances from all line departments in time-bound manner in respect of medium and large enterprises.

(v) Unless it is provided in the respective statutes, the concerned line department shall not insist for clearance by other departments as a prerequisite to dispose of the application and to issue licence/permission/clearance/approval.

(vi) Site clearance will not be required, if the industry is to be set up in the industrial zone notified by the Town and Country Planning Department.

(vii) Local Administration Department will bring amendment in the respective Act to empower the Commissioner of Local Bodies to issue permission as well as license to the effect that approval of council is not required for this. However, Commissioner of Municipality/Commune Panchayat may place the details of permissions/licenses issued periodically before the Council.

(2) Monitoring and consultative mechanism.— There is an urgent need to make the entire process of clearances to be made web-enabled. There is also a need to monitor effectively the process of clearances, with a view to cut down the delays. A mechanism for continuous consultation and interaction has also to be evolved to keep abreast of the aspirations of the stakeholders. In order to achieve this objective, the industrial policy evolved in this document provide for the following arrangements:

(i) An Industrial Guidance Bureau (IGB) set up at present in the Department of Industries is made functional for effective coordination between the line departments to enable the entrepreneurs to get various licenses (Annexure-2). An IT enabled online submission and tracking of applications will be introduced. The web based application portal with tracking, monitoring and feedback capabilities to assist entrepreneurs and facilitate speedy and time-bound processing of applications will be created. All the line departments will be connected to the IGB and each department shall place the status of compliance online. The system will enable effective interface between entrepreneurs, Department of Industries and the line departments.

(ii) The Industrial Promotion Committee will be renamed as the Empowered Industrial Promotion Committee and will be chaired by Secretary to Government (Industries and Commerce). Heads of all line departments would be its members and Director of Industries and Commerce will be the Member-Secretary. It will meet in the first week of every month. Proposals seeking clearances from the line departments will be taken up departmentwise. Every line department will bring full details of all the pending cases seeking clearances. To the extent possible, all Heads of Department will attend the meetings by themselves and in case of urgent preoccupation, the officer attending the meeting will be bound by the decisions taken in the meeting. Each department should explain justifiable reasons for delay in withholding the clearance itemwise, for the reasons that clear-cut guidelines and time-bound procedures are available. The Department of Industries and Commerce will intimate all the applicants whose applications are pending to be discussed in the meeting, who can be allowed to present their case if they so desire. The committee will have the power to approve the application in consultation with other departments on statutory items.

(iii) A State Level Monitoring Committee under the Chairmanship of the Chief Secretary will meet as and when required to assess overall progress. Agenda will be drawn in consultation with stakeholders. Secretaries of line departments and two or three representatives from stakeholders side will be members of the committee.

(iv) The Department of Industries and Commerce will oversee the effectiveness of this mechanism annually and act appropriately.

(3) Support and benefits to industries.—

(A) *Subsidies* : Following types of subsidy will be available to entrepreneurs to start new industries.

(I) *Capital investment subsidy* : This scheme shall be available to scheduled caste/scheduled tribe/women entrepreneurs, techno-crafts with diploma/engineering graduates and export oriented units for the investments made on land, building, plant and machinery @ 25% thereof subject to a maximum of ₹ 25.00 lakhs for the small and micro manufacturing enterprises and ₹ 50.00 lakhs for SC/ST entrepreneurs. Also available to new IT / ITES industrial units @ 20% thereon subject to a maximum of ₹ 20.00 lakhs for the large, medium small and micro enterprises on the investment made on plant and machinery. Capital investment Subsidy will also be available to thrust area industries on the investments made on plant and machinery @ 20% subject to a maximum of ₹ 20 lakhs for the large and medium enterprises and 35% subject to a maximum of ₹ 30 lakhs for the small and micro enterprises.

In order to achieve balanced growth in all regions, 5% additional incentive on the existing subsidy schemes to the units in Karaikal region (30% subject to a limit of ₹ 30 lakhs in case of SC/ST/Women entrepreneurs, 25% subject to a limit of ₹ 25 lakhs for IT industries) will be given. The small and micro thrust area enterprises will be granted 40% subject to a limit of ₹ 35 lakhs and medium and large thrust area enterprises will be granted 25% subject to a maximum of ₹ 25 lakhs. For SC/ST entrepreneurs 30% subject to a limit of ₹ 55 lakhs.

New industrial units started by differently abled persons and Ex-servicemen for the investments made on land, building and plant machinery are eligible for capital investment subsidy at the rate of 25% thereon subject to a maximum of ₹ 25.00 lakhs for the micro and small manufacturing enterprises.

(II) *Rent subsidy* : Scheduled caste / scheduled tribe or woman entrepreneur will be given rent subsidy for the period of first five years from the date of commencement of commercial production on a tapering basis as below subject to a ceiling of ₹ 5,000 per month on the following conditions;

- (i) For the first two years . . . 50% of the rent
- (ii) For the third year . . . 40% of the rent
- (iii) For the fourth and fifth year . . . 25% of the rent

- (III) **Interest subsidy** : The industrial units set up by SC/ST/women/thrust area/IT industries availed loan from financial institutions towards creation of fixed assets and for working capital shall be eligible for an interest incentive to an extent of 25% of the annual interest amount paid, for five years which shall be admissible from the date of commencement of commercial production, subject to a maximum of ₹ 75,000 in a financial year. The quantum of subsidy has been increased to ₹ 5 lakhs for period of 5 years. The interest subsidy is also applicable to the units set up by differently abled persons / Ex-servicemen
- (IV) **Infrastructure subsidy** : 25% subsidy subject to a maximum of ₹ 1 crore will be granted on the investment made on building with a minimum extent of 50,000 sq.ft. constructed area, by the infrastructure developers for leasing out to IT industries (Manufacturers of computer systems, software / Information Technology Enabled Services (ITES), Business Process Outsourcing (BPO) Knowledge Process Outsourcing (KPO) and Bio-technology industries. 25% subsidy subject to a maximum of ₹ 50 lakhs for investment made on building with a minimum extent of 5,000 sq.ft. by Bio-technology industries for self-occupation.
- (V) **Generator subsidy** : The micro, small and medium industrial units (manufacturing and service sector) shall be eligible for the grant of 50% subsidy with a cap of ₹ 5 lakhs per industrial unit.
- (VI) **Employment incentive** : Wage / employment subsidy of 20% wage/salary up to a maximum of ₹ 5 lakhs per annum, in case of such workers who are covered under Provident Fund (PF) (if applicable) will be granted. Wage/ employment subsidy would be available only if the units provide direct employment to at least 10 persons and if the unit provides at least 60% of the employment to the people of Union territory of Puducherry.
- (VII) **Subsidy to pollution control equipment** : The units which are installing pollution control equipment will be considered for the grant of subsidy @ 25% up to a maximum of ₹ 5 lakhs.
- (VIII) **Stamp duty exemption** : Stamp duty exemption for the purchase of land will be considered for the units set up by women entrepreneurs.

Procedure, eligibility, general conditions and all relevant details for the grant of subsidy will be as in Annexure-3.

(B) **Incentive to MSME sector** : The total share of small and medium enterprises to the total output of manufacturing sector is 73% at national level, they contribute 45 % to the total manufacturing output and form 40 % of total export. In order to further promote this sector following incentives will be extended to new industries of this sector.

- (i) **Technology acquisition fund** : Assistance for acquisition of appropriate technology in any form for specific product / process will be provided by way of 50% grant subject to maximum of ₹ 10 lakhs.
- (ii) **Skill enhancement fund** : 50% of fees subject to a maximum of ₹ 3,000 per person for 2 weeks duration training on skill upgradation programme conducted by the Puducherry Management and Productivity Council or any other institutes approved by the Department of Industries and Commerce.
- (iii) **Quality certification subsidy** : Assistance will be granted to the eligible MSMEs for maximum 3 quality certifications @ 50% cost of quality certification with a ceiling of ₹ 2 lakhs.
- (iv) **Intellectual property protection support** : Assistance @ 50% subject a maximum of ₹ 2 lakhs for meeting the expenditure for obtaining domestic patent and ₹ 5 lakhs for international patent.
- (v) **Market development support** : Assistance to MSME units for participation in international trade fair as a part of industry association will be given @ 50% of total rent and literature and display material subject to a maximum of ₹ 5 lakhs.
- (vi) **Assistance for energy and water conservation** : 50 % cost of energy / water audit conducted in a unit by a recognised institution / consultant subject to a limit of ₹ 25,000 will be reimbursed to MSME.

The Department of Industries and Commerce will issue detailed guidelines for all the above-mentioned schemes. All the schemes will be subject to dynamic review depending upon the response from the stakeholders and implementation of the schemes.

(C) **Awards to MSME** : In order to give impetus to the general industrial growth in this Union Territory, the following scheme of award will be introduced for the best performing industries. Separate award will be given to micro, small and medium category.

Three awards will be given in each category :

1. Growth in production and profit.
2. Quality and environment improvement measures.
3. Innovation in technology for new product or process development.

Award in the form of ₹ 1 lakh cash and a certificate will be given on 15th of August every year.

Independent credit rating agency to be appointed to select the best performing MSME's in the above categories.

SMEs may avail this facilities to improve their performance. Department of Industries and Commerce will play the role of facilitator for the industry.

(D) **National manufacturing policy and SMES :** Ministry of Commerce and Industry, Department of Industrial Policy and Promotion, Government of India has brought out a new National Manufacturing Policy, wherein significant steps have been proposed for improving access to finances for SMEs in manufacturing sector by liberalising relevant guidelines.

SMEs may avail this facilities to improve their performance. Department of Industries and Commerce will play the role of facilitator for the industry.

(E) **Focus sector :** The new policy proposes that both fiscal incentives and other institutional support will be available only for thrust area industries. However, there will be an exclusive package of Government intervention for the focus sectors within the thrust area *viz.*, those industries where there can be cost competitive, which can generate good employment opportunities and which are clean and green. These industries are: Agro processing, marine industries, IT and ITES, new and renewable energy projects and textiles. Sector specific policy interventions will be introduced for each of the special focus sectors by the concerned departments dealing with these sectors to ensure that industry remains cost competitive.

Some of the steps to be taken are outlined below :

- (i) The Department of Industries and Commerce will be a Nodal Department to help agro and food processing industries and marine products based industries respectively.
- (ii) For agro and food processing industries, scheme of financial assistance will be evolved to attract investment in value addition projects, post harvest management, setting up of food testing laboratories, export of fresh fruits, flowers and live plants.
- (iii) Fishing harbours to be operationalised soon at Karaikal, Mahe and Yanam by Fisheries Department. For development of marine sector, Department of Fisheries and Fisherman's Welfare will arrange for financial assistance to set up fish feed industries. The production of ornamental fish will be promoted and the marketing chain for both domestic and export will be strengthened. Value addition to fish products will be encouraged and a scheme for subsidising the cost of construction for seafood processing will be introduced.
- (iv) The new policy endeavors to take measures to retain Puducherry as the "Hardware Capital of India" The Department of Information Technology has formulated "Information Technology Policy" in the year 2008 and has suggested number of fiscal and administrative interventions to promote IT industries in the Union Territory. As per policy, a steering committee with representation from the line departments and the stakeholders will be constituted to ensure the implementation of the incentives and concessions as provided in the said policy.

- (v) An Information Technology Special Economic Zone will be set up in Puducherry. With a thriving hardware industry, forward linkages will be established with software industry including ITES, call centres, BPO and back office centres.
- (vi) For development of renewable energy industries, two missions, namely Jawaharlal Nehru National Solar Mission (JNNSM) dealing with renewable energy and National Mission for Enhanced Energy Efficiency (NMEEE), dealing with energy efficiency and conservation have been launched by Government of India. JNNSM stipulates that by 2020, 20 % of total power will be renewable energy power. Renewable Energy Agency, Puducherry (REAP) is the nodal agency for implementing both these missions in Puducherry, which among others, includes setting up of SPV power projects. These missions are likely to see the rise in setting up solar power projects by industrial units and individuals.
- (vii) REAP has also come out with a 'Renewable Energy Vision 2025' and 'Renewable Energy, Energy Efficiency and Energy Conservation Policy-2025'.
- (viii) Government's intervention in textile sector will be in the form of an integrated scheme for the revival and modernisation scheme of the textile mills in the public sector, viz., Anglo-French Textiles, Swadesee and Bharathi Mills.
- (ix) An integrated textile park will be set up on PPP mode availing the central assistance. The Union Territory Government will provide viability gap funding to make the textile park a viable proposition.
- (x) Adequate care will be taken to dispose different types of wastes generated by these special focus area industries.
- (xi) Aggressive marketing strategy will be adopted for the handicraft produce of Union territory of Puducherry.
- (xii) Foreign direct investment and NRIs play a vital role in transmitting skills knowledge and technology to the State. Highest priority will be given to such investors in implementing the projects. Special care will be taken in providing timely clearances and also to remove the administrative obstacles.
- (xiii) Pondicherry Khadi and Village Industries Board will actively promote the Khadi and Village industries to generate more employment and to protect the rural artisans. Higher priority will be given to women and handicapped persons.

(F) **Sick units :** The problem of industrial sickness has been a matter of great concern. In order to prevent and solve this malaise, a committee under the chairmanship of Secretary to Government (Industries and Commerce) will be constituted with representatives of the concerned banks/financial institutions / industrial associations. This institutional mechanism will play the role of facilitator with a scheme of financial assistance to revive the sick units. Following scheme of assistance will be made available to facilitate the revival of sick units.

- (i) Subsidy @ 50% on the cost of diagnostic study by technical institutions initiated through FIs/Banks/Government with a maximum of ₹ 50,000.
- (ii) Registered experts in the field of technology, marketing and finance may be engaged to advise sick unit. 50% fees (max. ₹ 50,000 per unit) will be reimbursed on implementing suggestion given by such expert.
- (iii) Interest subsidy @ 5% per annum limited to ₹ 3 lakhs per year for three years on additional finance for rehabilitation disbursed by banks / financial institutions.
- (iv) Other firms taking over a sick unit for rehabilitation will also be eligible for assistance as above.

(G) **Cluster development :** To ensure competitiveness and improvement of SMEs, cluster based industries will be encouraged. The funds available under the cluster development programme has so far been availed only for softer interventions like, capacity building, marketing initiatives, technology upgradation and skill upgradation. Henceforth the strategy will be too pronged. Apart from softer intervention funds will be utilised for harder interventions like creating cluster specific common facilities and other need based facilities. PIPDIC will be designated as Nodal Agency to avail funds from the Ministry of MSME, GOI. To make industries associations participatory in the cluster programme 10% of the project cost will have to be contributed by the stakeholders while the remaining 20% will be borne by the Government with 70% of the total project being the central assistance. Setting up of clusters in PPP mode will also be encouraged. The assistance will be subject to preparation of comprehensive development plan of the cluster for 5 years by the project owners.

(H) **Role of District Industries Centre :** District Industries Centre will fine tune its role as a facilitator in getting the loan sanctioned from the banks under Prime Ministers Employment Generation Programme (PMEGP) and Motivation of Unemployed Persons to Start Self-employed Enterprises (MUPSES) schemes, aiding the development of handicraft / coir / silk industries, and providing training for various sectors of people thus enhancing the employment opportunity.

9. *Infrastructure.*— Infrastructure is a critical component for the development of industries particularly in the existing industrial estates. Facilities available at industrial estates at Thattanchavady, Manapet, Kirumampakkam, Thirubuvanai, Sederapet, Mettupalayam and Rural Industrial Estate, Kottucherry at Karaikal leave much to be desired. Hence, it is very much essential to take short and long-term steps to develop these industrial estates on par with the best available.

Following steps are proposed to be taken for upgrading the infrastructure inside the industrial estates :

- (i) The existing infrastructure in the industrial estates maintained by PIPDIC and the Department of Industries and Commerce will be refurbished.

(ii) The existing industrial estates will be modernised with state of art facilities on PPP mode.

(iii) In an effort to make the infrastructure world class, the Department of Industries and Commerce will engage renowned consultants whose recommendation will be implemented in a phased manner. Similarly PIPDIC will also take effective steps to upgrade the facilities inside the industrial estates under their control.

It has already been pointed out that land is major constraint and hence policies are required to be formulated to overcome this constraint. The following steps will be taken in this direction.

1. PIPDIC will set up Special Economic Zone in Karaikal in the site earmarked for growth centre.

2. An exclusive Coir Growth Centre in Ariankuppam will be set up, where 50 coir processing units could be set up.

3. IT Special Economic Zone /IT Park will be set up at Mettupalayam by the IT Department, for which land has already been identified.

4. In view of the increased demand for land for setting up industries, a new industrial estate will be set up in Puducherry by PIPDIC.

5. Recognising the constraints in acquiring land by the Government, the private promoters will be encouraged to set up industrial estates. And the land purchased by private developer for developing industrial estate will be exempted from stamp duty.

6. Realising limitations imposed by the limited land area and to arrest sporadic displacement of industries, the exercise of zoning of industrial area will be undertaken and more areas will be notified by the Government within a period six months to ensure systematic growth of the industries.

7. To obviate the land constraints, amendments will be brought to the applicable laws to allow multistoried/flatted construction for systematic growth of the industries.

8. The fishing harbours being developed in Karaikal, Mahe and Yanam will be operationalised.

9. Infrastructure subsidy will be provided to encourage setting up of appropriate infrastructure by private players. Details are available under "support and benefits to industries (A) subsidies".

Following long-term measures will be initiated for development of infrastructure:

1. The Government has already signed an MOU with GAIL for the supply of city gas. Utilising the gas to be supplied by GAIL, there is a proposal to expand the capacity of the Pondicherry Power Corporation Limited at Karaikal to 100 MW. The Government shall bring the proposal to its logical conclusion, as it will go a long way in addressing the

increased power demand. Thus, power generation in order to meet the demands of industry will be increased in a phased manner to sustain the industrial activity.

2. The 350 MW gas based power plant proposed in Yanam will be expedited.

3. At present, the port at Karaikal handles only 9.5 MMT against the capacity of 44 MMT. All the 14 berths of the port would be completed early, so that the port functions for its full capacity and port based industries are developed in Karaikal.

4. The Phase -II of the airport at Puducherry shall be commissioned in time so that the airport can handle regular aircrafts and ease the connectivity.

5. The railway line on the ECR connecting Chennai and Karaikal would be expedited.

6. To decongest the traffic in Puducherry, by pass roads will be constructed on PPP mode connecting the border of Tamil Nadu on Gorimedu side with Thavalakuppam.

10. **Special investment regions :** Hon'ble Chief Minister has announced in the budget speech that special investment regions will be set up in Puducherry and Karaikal. To provide transparent and investment friendly facility regime, special investment regions will be set up, which are proposed to be self-sustained industrial townships with world class infrastructure with well laid out connectivity for freight movements to and from the logistic hubs, reliable power and quality social infrastructure. Depending upon their locational advantages and growth potential, project of the nature of export oriented units / integrated agro food processing zone / bio-tech hubs and auto component units would be developed in these regions. The Local Development Authority to be created exclusively for this specific region will serve as a single point of contact for the purpose of getting clearances. Efforts will be taken for setting up of common effluent treatment plant and integrated waste management complex in these regions. The Government will bring out necessary legislation to implement the special investment region.

It is also proposed to create Rural Economic Zones or Mini Industrial Estates at village level, wherein :

- * Rural based value addition activity shall be carried out.
- * The manufacturing/service activity shall be based on the locally available resources.
- * All activities inside REZ should be of non-polluting green category.
- * Preference will be given to local employers/employees. Cluster approach to specific products for each such zone will be adopted.
- * Front of the economic zone will have service activities like saloon/ beauty parlours, automobile service centres, electric/electronic service centres, catering etc.

11. *Skill Development.*— The policy recognises the need to develop trained man power and therefore has laid substantial focus filling up the 'skill gaps', both in terms of quality and quantity by enhancement of skills. It is believed that increase in gainful employment would ensure that the benefits of investment are shared by the people of the Union Territory.

(i) As part of the National Skill Development Mission, a State Skill Development Mission has been formed with Labour Department as the Nodal Agency. PIPDIC, being the implementing agency has targeted that 20,000 persons will be trained in 14 identified trades in a period of 5 years so that they become employable.

(ii) The Government also intends to develop industry responsive and readily employable manpower by evolving demand driven short-term training courses including training in handling and operation of pollution control equipment / handling of industrial wastage.

(iii) Apart from utilising the existing infrastructure, the funds available under different centrally sponsored programmes will be dovetailed.

(iv) Government also intends to introduce industry responsive short-term courses in the existing ITI's and Polytechnics with active participation from industries.

(v) The curriculum of existing ITI and Polytechnics will be subject to dynamic review to suit the requirements of the industry.

(vi) Support will also be given to ITIs and Polytechnics to conduct short-term (2 weeks) training programmes for spot employment.

(vii) The feasibility of setting up of extension training centres in the existing industrial estates will also be explored.

(viii) Presently, Pondicherry Management and Productivity Council imparts training for various types of skill development for industrial staff of various categories and levels. Training modules will be developed by Pondicherry Management and Productivity Council to suit requirements of different types of industries. Development of training modules will be a continuous process, which will keep evolving with changing requirements of the industry. Accordingly, activities of PMPC are proposed to be expanded.

12. *Innovation.*— Innovation is important for industry for its continuous growth and sustainability. Innovation Centres have to be promoted to ensure this. Availability of a pool of good scientific talent in the Union Territory makes it a very viable proposal. However, not much innovation is taking place, which are particularly beneficial to the industry. One of the reasons is the lack of close coordination and interaction between industry and campus. Industry in Puducherry itself is also not committed much because of their perceived irrelevance to innovation. Hence, there is a need to foster a culture of innovation across the Union Territory, in keeping with the line of Government of India.

Innovation should include new uses for the existing technology, new processes for products and processes. Innovation can also be used as a platform to derive more out of existing resources. Thus innovation can be used for both vertical and horizontal growth of industries and it can also be made tailor-made to the needs of the industry.

To have an effective mechanism for development of innovation, there is a need to (i) create a State Innovation Council, to formulate policies and guidelines for innovations. The Council already constituted vide GO.Ms No. 2/PRD/JD/PO(PC2), dated 8-6-2011 of Planning and Research Department, Puducherry will have representation from industrial associations / stakeholders also (ii) create state innovation fund to financially support innovation (iii) set up state innovation centre, which will take effective steps to :

(a) Set up on line and off line knowledge depository to help innovators find required materials,

(b) Take steps to reduce skill shortage by emphasising the need for industrial education,

(c) Promote collaboration between industry and research institutions including university, engineering colleges and other hubs of technical institutions,

(d) Encourage industries to focus on innovation as a strategy of growth,

(e) Persuade industries to provide sufficient in-house training oriented to make their employees potential innovators,

(f) Act as an incubator for new innovative ideas/start up innovations,

(g) Make available services of experts to innovators by drawing up a panel from university / engineering colleges/technical educational institutions.

13. *Labour issues.*— Issues relating to labour have become very important and it has become imperative to settle all issues pertaining to employee-employer in a cordial manner to the mutual satisfaction of both parties for smooth running of industries.

(i) Labour Department may take steps to encourage unions and employers to develop better institutional arrangements through dialogue and consultations.

(ii) Skill building of labour force, particularly with regard to behavioural aspects such as timeliness, respecting working hours, properly reporting for duty etc. will be emphasised. Training for them will be organised in such a way that productive work opportunities are not lost. PMPC will be mandated to organise such skill building programmes.

(iii) Steps will be taken by Government (Labour Department) to ensure protection of workers' rights as laid down in rules, but at the same time will ensure that productivity of units is not compromised.

14. *Environmental issues.*— The following monitoring/regulatory mechanism will be put into place to address environmental concerns :

(i) Pondicherry Pollution Control Committee (PPCC) will bring out a scheme for capacity building and intensive training of technical manpower working in the industries to upgrade their skill and better compliance.

(ii) PPCC will strengthen the monitoring network, which will enhance the image of the Union Territory as promising investment destination.

(iii) Various environmental parameters such as ambient air quality, stack emission and effluent may be assessed by the MoEF accredited laboratory. Self-certification by industry will be encouraged. All the monitoring data will be placed at the PPCC website.

(iv) The PPCC would evolve a scheme for third party audit for better compliance of environmental laws.

(v) Assistance will be provided for common environmental facilities including setting up common effluent treatment plant, sewerage plant, transport storage and disposal facility (TSDF) etc.

(vi) Best manufacturing practices will be compiled and the industries, which comply with the norms will be properly rewarded.

(vii) For projects in the environment and waste management, the Government will reimburse the VAT charged on the electricity consumption charges for 5 years.

(viii) In line with the State Action Plan on climatic changes, the entrepreneur will be encouraged to adopt clean development mechanism, minimising carbon footprint, utilising renewable energy sources, waste minimisation and green belt development. As an incentive, for projects reducing carbon footprints by 20% by life cycle analysis, up to 50% of expenses with a maximum of ₹ 5 lakhs per project will be provided.

15. *Assessment and review.*— It is hoped that with the stated goal and objectives and Governmental interventions at appropriate levels, the new Industrial Policy 2013 will be able to achieve the industrial growth it aims at. It is also hoped that with a renewed emphasis on manufacturing and IT/ITES sector, the policy will be able to sustain the economy in the long run.

Since requirements of industrial growth keep changing, there may be a need to review the working of the policy at regular intervals to fine tune it to the changing requirements. Hence an assessment of this policy will be made three years after it comes into effect, in consultation with the line department and stakeholders. Based on the feedback received, mid course correction will be carried out in order to make it more friendly to the stakeholders.

ANNEXURE - 1

**CLEARANCES AND APPROVALS BY VARIOUS DEPARTMENTS
WITH TIME LIMIT****Stage - I**

Sl. No.	Item / activity	Department / organisation	Time limit (working days)
1	(a) Issue of EM Part-I Certificate	Directorate of Industries and Commerce.	5
	(b) Issue of provisional NOC to large scale industries of non-chemical and non-polluting nature.		7
2	Forwarding of common application to the concerned departments.	District Industries Centre	3
3	Issue of NOC from pollution angle	Pondicherry Pollution Control Committee.	45
4	Site clearance	Town and Country Planning Department.	30
5	Approval of factory building and machinery lay-out.	Inspectorate of Factories and Boilers.	30
6	Permission for land-use conversion/ ground water clearance (outside the industrial estate).	Town and Country Planning Department / Agriculture Department.	30
7	(a) Energisation of low tension connection on receipt of application.	Electricity Department	75
	(b) Energisation of high tension connection on receipt of application.	Electricity Department	120
8	Clearance under Revenue Acts (if required).	Revenue Department	30
9	Publication of proposals inviting objection, if any in the official gazette.	Directorate of Stationery and Printing.	15
10	Licence, (if required)	Food and Drugs Administration	30
11	Licence, (if required)	Civil Supplies Department	30
12	Statutory permission for establishment of the unit.	Municipality / Commune Panchayat.	30

Stage – II

Licence / approvals before commencement of regular production after installation of plant and machinery :

Sl. No.	Item / activity	Department / organisation	Time limit (working days)
13	Licence	Municipality / Commune Panchayat.	30
14	Running licence	Inspectorate of Factories	30
15	Consent for operation of the unit	Pondicherry Pollution Control Committee.	30

Stage – III

Issue of entrepreneur memorandum Part -II /commencement of production certificate :

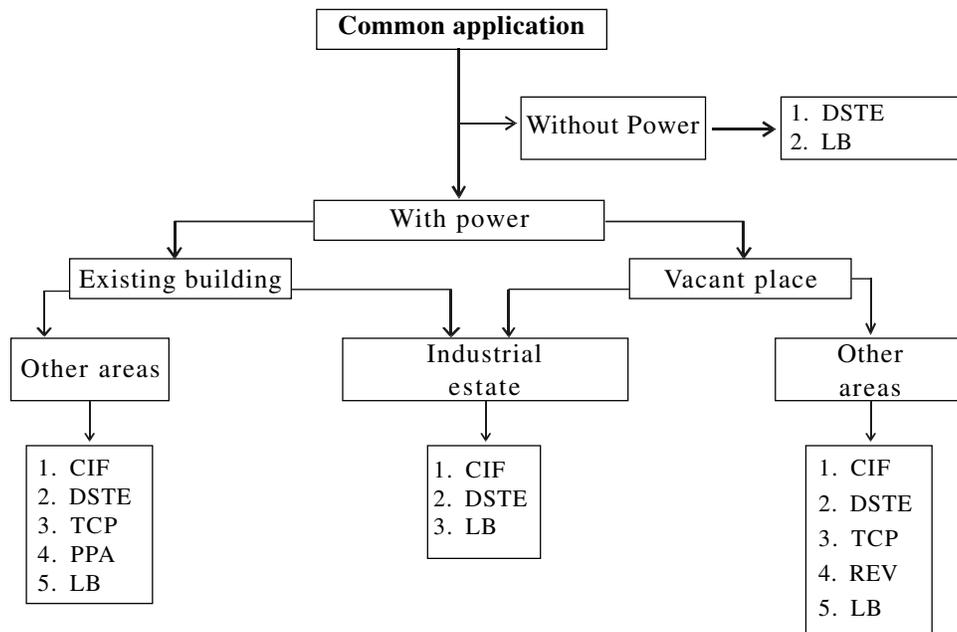
Sl. No.	Item / activity	Department / organisation	Time limit (working days)
16	(a) Issue of EM Part- II	Directorate of Industries and Commerce.	30
	(b) Issue of commencement of production certification in case of large scale unit.	Directorate of Industries and commerce.	30

ANNEXURE – 2

**INDUSTRIAL GUIDANCE BUREAU
SINGLE WINDOW CLEARANCE**

Sl. No.	Line departments	Purpose
1.	Chief Inspectorate of Factories	CIF Clearance under Factories Act and Boilers.
2.	Directorate of Science, Technology and Environment.	DSTE Environment / Pollution Clearance and Environment.
3.	Town and Country Planning	TCP Site clearance
4.	Puducherry Planning Authority	PPA Clearance for building plan approval
5.	Town and Country planning Department.	TCP Clearance for land conversion
6.	Revenue Department	REV Clearance from land acquisition
7.	Municipality/Commune Panchayat	LB Public objection/issue of permission

Scheme of Forwarding of Common Application for Industrial Clearances



LIST OF ENCLOSURES FOR EACH DEPARTMENT

	CIF	DSTE	TCP	PPA	REV	LB	IGB
1. Common application	1	1	1	1	1	1	1
2. Acknowledgment Part-I/Part-II and NOC for enhancement / modification.	1	1	1	1	1	1	1
3. Attested copy of land document/ lease deed.	1	-	1	1	1	1	1
4. Site and building plan (blue print)	4	1	2	1	1	1	1
5. Process details with flow chart and pollution details.	1	1	-	-	-	1	1
6. Partnership deed/memorandum of articles.	1	-	-	-	-	1	1
7. Resolution for authorisation	1	-	-	-	-	1	1
8. Building plan approval	-	-	1	1	-	1	1
9. Electricity demand bill	-	-	-	-	-	1	1
10. Form 1C and challan	1	-	-	-	-	-	1
11. FMB sketch (vacant land)	-	-	1	-	1	-	1

ANNEXURE - 3

GOVERNMENT OF PUDUCHERRY

CHIEF SECRETARIAT

DEPARTMENT OF INDUSTRIAL DEVELOPMENT
(INDUSTRIES AND COMMERCE)*(G.O. Ms. No. 2/2012-Ind-A. dated 7th May 2012)*

NOTIFICATION

Whereas, the Department of Industrial Development (Industries and Commerce) issued notifications *vide* (i) G.O. Ms. No.19/2001-Ind., dated 27-3-2002, (ii) G.O. Ms. No. 6/2004-Ind., dated 2-8-2004, (iii) G.O. Ms. No. 18/2006-Ind., dated 24-1-2007, (iv) G.O. Ms. No. 11/2002-Ind., dated 6-11-2002, (v) G.O. Ms. No. 7/2004-Ind., dated 2-8-2004, (vi) G.O. Ms. No. 1/2008- Ind.A, dated 21-5-2008, (vii) G.O. Ms. No. 4/2003-Ind, dated 3-4-2003, (viii) G.O. Ms. No. 8/2004-Ind., dated 2-8-2004, (ix) G.O. Ms. No. 9/2005-Ind-A, dated 29-6-2005 and (x) G.O. Ms. No. 1/2007-Ind.A, dated 19-4-2007 and its amendments from time to time;

And whereas, up to 10th Five Year Plan, the schemes *viz.*, (i) Motivation of scheduled caste/scheduled tribe/women entrepreneurs to start industries; (ii) the scheme for accelerating the growth of IT Industries (SAGII) in Puducherry; and (iii) the pondicherry capital investment subsidy scheme for thrust area industries 2003, were implemented as separate schemes;

And whereas, during the 11th Five Year Plan, in the Annual Plan 2007-08, abovesaid incentive schemes were amalgamated under single scheme as "Motivation of entrepreneurs to start industries and fiscal assistance to industries " and funds were provided under single head of account. And therefore, there arose a need to issue of a fresh Government order amalgamating all the existing schemes;

And whereas, the proposal of the Department of Industries for amalgamating and modifying all the incentive schemes has been considered and the same has been accepted by the Government;

Now, therefore, the Lieutenant-Governor of Puducherry is pleased to approve the amalgamation and modification of all the said schemes by superseding all the Government orders as stated above save as respects things done or omitted to be done before such supersession, into one scheme called "Motivation of Entrepreneurs to Start Industries and Fiscal Assistance to Industries", namely:-

1. *Short title, extent and commencement.*— (i) This scheme shall be called as "Motivation of Entrepreneurs to Start Industries and Fiscal Assistance to Industries".

(ii) This scheme shall be in operation in the whole of the Union territory of Puducherry.

(iii) It shall come into force at once.

2. *Definitions.*—

(a) **Expansion/diversification/modernisation :** 'Expansion, diversification and modernisation' means such expansion/diversification or modernisation that must result in at least 25% increase in plant and machinery in value and must also result in at least 25% increase in production capacity.

(b) **Investment on building :** 'Investment on building' means, the value assessed by Public Works Department/Pondicherry Industrial Promotion Development and Investment Corporation (PIPDIC). Buildings which have already been occupied and used, subsequently purchased by the entrepreneurs for setting up of the industry are not eligible for subsidy.

(c) **Investment on land :** 'Investment on land' means, the value as per land document (sale deed) or the guideline register value of the Government whichever is less.

(d) **Plant and machinery :** The plant and machinery and electrification costs (including transformer costs, control panel and costs of industrial wiring), testing equipment, tools, jigs and moulds shall be admitted to investment subsidy.

3. *Subsidies.*—

I. **CAPITAL INVESTMENT SUBSIDY :**

Eligibility.— This scheme shall be applicable to the following categories:

(i) **SC/ST/Women entrepreneurs :**

Scheduled caste/scheduled tribe/women entrepreneurs shall be eligible for subsidy for the investments made on land, building, plant and machinery @ 25% thereof subject to a maximum of ₹ 25.00 lakhs for the small and micro manufacturing enterprises which started production on or after 27-3-2002. The scheduled caste and scheduled tribe entrepreneurs shall be eligible for subsidy at the rate of 25% on the land, building and plant and machinery subject to a cumulative maximum of ₹ 50 lakhs for the investment made on or after 24-8-2011, provided the unit commences production/completes expansion as the case may be on or after 24-8-2011.

(ii) **Information Technology (IT)/Information Technology Enabled Services (ITES) Industries :**

New IT/ITES industrial units which started production on or after 6-11-2002, shall be eligible for subsidy on the investments made on plant and machinery @ 20% thereon subject to a maximum of ₹ 20.00 lakhs for the large, medium, small and micro enterprises during the period of operation of the scheme.

(iii) **Thrust area industries :**

(a) The following have been identified as thrust area industries:-

(i) Electronic industries

(ii) Bio-technology industries

- (iii) Food processing industries
- (iv) Agro processing industries including marine products
- (v) Leather products and footwear industries
- (vi) Light engineering industries including auto components.
- (vii) Textiles industries including garments.

(b) New thrust area industries which have started production on or after 3-4-2003, shall be eligible for subsidy on the investments made on plant and machinery @ 20% thereon subject to a maximum of ₹ 20 lakhs for the large and medium enterprises and 35% subject to a maximum of ₹ 30 lakhs for the small and micro enterprises during the period of operation of the scheme.

(iv) 5% additional capital investment subsidy to Karaikal region :

(a) In order to achieve balanced growth in all regions, it is proposed to offer 5% additional incentive on the existing subsidy schemes to the units in Karaikal region (30% subject to a limit of ₹ 30 lakhs in case of SC/ST/women entrepreneurs, 25% subject to a limit of ₹ 25 lakhs for IT industries). The small and micro thrust area enterprises will be granted 40% subject to a limit of ₹ 35 lakhs and medium and large thrust area enterprises will be granted 25% subject to a maximum of ₹ 25 lakhs. This additional subsidy will be applicable for the investment made on or after the date of issue of this Government order.

(b) The priority industries which will be announced by Government and set up in Karaikal District shall be eligible for subsidy at the rate of 25% on fixed asset *viz.*, land, building and plant and machinery subject to a maximum of ₹ 40 lakhs.

Note: Existing units of above categories except IT/ITES industries, undertaking expansion, diversification and modernisation shall also be eligible for subsidy for the investments on eligible assets during the period of operation of the scheme. Existing unit means an industrial unit, which has commenced production before date mentioned in the respective above category.

(v) Physically handicapped persons/Ex-servicemen :

(a) New industrial units which started production on or after 5-8-2009 by physically handicapped entrepreneurs and ex-servicemen for the investments made on land, building and plant and machinery are eligible for capital investment subsidy at the rate of 25% thereon subject to a maximum of ₹ 25 lakhs for the micro and small manufacturing enterprises.

(b) The subsidy for Physically Handicapped (PH) persons will be admissible only for those who suffer from not less than 40% incapacity under relevant category.

II. RENT SUBSIDY :

(a) Scheduled caste/scheduled tribe or woman entrepreneur, who has started production on or after 27-3-2002 in a rented building, is eligible for rent subsidy for the period of first five years from the date of commencement of commercial production on a tapering basis as below; subject to a ceiling of ₹ 5,000 per month on the following conditions:-

- (i) for the first two years . . . 50% of the rent;
- (ii) for the third year . . . 40% of the rent;
- (iii) for the fourth and fifth year . . . 25% of the rent.

Provided that in the case of industrial units accommodated in sheds or premises owned by Government departments including local bodies or Government undertakings or Government sponsored societies, the rent fixed by such organisation will be taken into account for calculating the subsidy. Provided further that, in the case of industries accommodated in the sheds or premises owned by private individuals or bodies, the rent actually charged or the rent as fixed by Public Works Department, whichever is less, will be taken into account for calculating the subsidy.

(b) Rent subsidy claims will be entertained and granted only in respect of units in operation. Rent subsidy claims should be accompanied by payment of receipts for electricity charges and receipts of sales tax returns for the previous year, apart from rent payment receipts.

(c) The rent subsidy will be settled annually.

III. INTEREST SUBSIDY :

(a) The industrial units which have availed loan from financial institutions towards creation of fixed assets and for working capital shall be eligible for an interest incentive to an extent of 25% of the annual interest amount paid, for five years which shall be admissible from the date of commencement of commercial production.

(b) The maximum amount of interest incentive admissible to each industry shall not exceed ₹ 75,000 in any financial year.

(c) The financial institution shall mean and include PIPDIC, or any other Government corporation, scheduled banks including cooperative banks and Government sponsored cooperative societies.

(d) The claim should be accompanied by 'No Due Certificate of Interest' issued by the financial institution/Bank etc.

(e) The incentive will be paid through the financial institution.

(f) The interest subsidy is eligible for the industries set up by SC/ST/Women entrepreneurs and for thrust area industries and IT sector.

(g) The interest subsidy is eligible for the industries which have commenced production on or after 2-8-2004.

(h) The industry set up by SC/ST/Women/PH/Ex-servicemen entrepreneurs and thrust area industries and IT sector by availing loan on or after 24-8-2011 and commenced production on or after 24-8-2011 are eligible for 25% interest subsidy subject to a maximum of ₹ 5 lakhs per annum for a period of 5 years.

IV. INFRASTRUCTURE SUBSIDY :

(a) 25% subsidy subject to a maximum of ₹ 1 crore will be granted on the investment made on building with a minimum extent of 50,000 sq.ft. constructed area, by the infrastructure developers for leasing out to IT industries (Manufacturers of Computer Systems, Software/Information Technology Enabled Services (ITES), Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO). This subsidy is also admissible to the industrial units, which are investing for construction of factory building of not less than 50,000 sq.ft for setting up of the above IT industries.

(b) 25% subsidy subject to a maximum of ₹ 1 crore will be granted on the investment made on building with a minimum extent of 50,000 sq. ft. constructed area by the infrastructure developers for leasing out to the bio-technology industries.

(c) 25% subsidy subject to a maximum of ₹ 50 lakhs for investment made on building with a minimum extent of 5,000 sq.ft by bio-technology industries unit for self-occupation.

(d) The building value shall be assessed by PIPDIC/Public Works Department.

(e) The infrastructure subsidy would be eligible for the investment made on building on or after 31-7-2006.

(f) The infrastructure subsidy shall be disbursed in annual installment not exceeding ₹ 25 lakhs per annum till completion of the total eligible subsidy.

V. GENERATOR SUBSIDY :

The micro, small and medium industrial units (manufacturing and service sector) shall be eligible for the grant of 50% subsidy with a cap of ₹ 5 lakhs per industrial unit on the investment made on or after 5-3-2009 on generator sets.

VI. EMPLOYMENT INCENTIVE :

(a) Wage/Employment subsidy of 20% wage/salary up to a maximum of ₹ 5 lakhs per annum, in case of such workers who are covered under Provident Fund (PF) (if applicable) will be granted. The new units which commence the production on or after 2-8-2004 would alone be eligible for this incentive for a period of 5 years from the date of commencement of production. Wage/salary would be limited by the minimum wages prescribed by Government from time to time. The categories for which minimum wages are not prescribed by Government are not eligible for incentive.

(b) Wage/employment subsidy would be available only if the units provide direct employment to at least 10 persons. Wage/employment subsidy will be considered after verification of the previous years records by the Directorate of Industries.

(c) The employment incentive shall be granted if the unit provides at least 60% of the employment to the people of Union territory of Puducherry.

4. *Procedure for claiming subsidy :*

(i) The industrial unit should register the claim in the prescribed form available with the Directorate of Industries and Commerce prior to taking effective steps for setting up of new unit/undertaking expansion, diversification and modernisation. The application for the grant of incentive/subsidy shall be submitted to the Directorate of Industries and Commerce in the prescribed form after commencement of production and obtaining entrepreneurs memorandum Part-II/permanent registration/commencement of production certificate.

The industrial units shall apply for investment subsidy within one year from the date of issue of entrepreneurs memorandum (Part-II) /date of issue of commencement of commercial production certificate in the case of new units and within one year of completion of expansion/diversification/modernisation in case of existing unit.

(ii) State Level Committee will go into the merits of each case for the grant of capital investment subsidy and infrastructure subsidy and to decide whether the industrial unit qualifies for the grant of incentive/subsidy and will also determine the quantum of incentive/subsidy admissible to the unit. The State Level Committee is authorised to sanction incentive/ subsidy not exceeding the level prescribed in the scheme.

The composition of the State Level Committee shall be as under:

- | | | |
|---|-----|-------------------|
| (1) The Secretary to Government (Industries and Commerce). | . . | Chairman |
| (2) The Managing Director, PIPDIC | . . | Member |
| (3) The Director, IT Department, Puducherry. | . . | Member |
| (4) The Deputy Secretary/Under Secretary (Finance) | . . | Member |
| (5) Head of the IT/Electronics Department, Pondicherry Engineering College. | . . | Member |
| (6) The Director of Agriculture, Puducherry | . . | Member |
| (7) Head of Bio-technology Department, Pondicherry University. | . . | Member |
| (8) The Director of Industries and Commerce, Puducherry. | . . | Member-Secretary. |

The State Level Committee has powers to condone the delay in claiming registration/filing of application for the grant of subsidy for a period of three years from the date of issue of initial permanent registration/entrepreneur memorandum Part-II.

(iii) The application for the subsidy *viz.*, rent subsidy, interest subsidy, employment incentives and generator subsidy will be processed by the industries department for obtaining sanction. These cases need not be placed before the said State level committee.

5. General conditions :

(1) (i) Second hand imported machinery shall be eligible for investment subsidy provided the machinery is imported by the unit directly or through agent and the claim is supported with required import documents, (ii) In case of indigenous second hand machinery the initial purchase value with depreciation or the second hand purchase value or value assessed by the Chartered Engineer whichever is less will be taken as investment. (iii) An affidavit that subsidy has not been availed of from Central Government or any State or Union Territories shall be furnished for these items of plant and machinery, (iv) The second hand machinery is not eligible for subsidy in case of IT/ITES industry.

(2) In case of subsidy under SC/ST/Women/PH/Ex-servicemen category, the investments in respect of industrial units fully owned by the respective category and women entrepreneurs will alone be considered. In case of partnership and private limited companies, all the partners, shareholders and Board of Directors shall belong to the respective category as the case may be. The amount of subsidies and incentives availed under such case shall be refunded fully with interest in case the new partners or shareholders or Board of Directors not belonging to the respective category as the case may be are included in the business within five years from the date of availing of the subsidy.

(3) It is mandatory that the entrepreneurs shall inform Industries Department about their expansion/diversification/modernisation well in advance with project report and obtain claim registration prior to expansion/diversification/modernisation programme.

(4) The following investments shall not be eligible for investment subsidy:-

- (i) Working capital
- (ii) Commissioning fee
- (iii) Goodwill fees
- (iv) Royalty
- (v) Preliminary and pre-operative expenses.
- (vi) Capitalised interest
- (vii) Technical know-how fees
- (viii) Transportation and erection charges

- (ix) Goods vehicles
- (x) Office equipment, furniture, grates, pallets and consumable stores, etc.
- (xi) Rice mills (Excluded from the grant of capital investment subsidy as similar schemes, *viz.*, Technology Upgradation/ Establishment/ Modernisation of Food Processing Industries, implemented by the Ministry of Food Processing, Government of India). The applications received from the rice mills on or after the date of issue of this Government order are not eligible for subsidy.

(5) All claims in this regard shall be supported by a certificate issued by the Chartered Accountant and certificate from the financial institution if loan is obtained by the unit.

(6) The subsidy amount shall be disbursed through the financial institutions/banks only, if the unit is financed by them, towards the adjustment against the loan availed by the entrepreneurs or for the creation of additional fixed assets or for the working capital purposes. In case of self-financed units, the subsidy shall be disbursed directly to the entrepreneurs.

(7) The capital investment subsidy shall be disbursed in a single installment, where due to paucity of funds in a particular financial year or for such other reasons as the case may be, single installment disbursement is not possible, such disbursement will be made in installments. The infrastructure subsidy shall be disbursed in annual installments not exceeding ₹ 25 lakhs per annum till completion of the total eligible subsidy.

(8) The beneficiary shall execute an agreement in the prescribed format with the Directorate of Industries and Commerce.

(9) A unit which has availed investment subsidy from Central Government or any other agency shall not be eligible to apply for subsidy for same investment again under this scheme. If two or more industrial undertakings are set up by the same person as proprietor, common partners, common board of directors/shareholders, such units are eligible for subsidy as separate entity provided the location, products and licences/clearances/registrations are obtained separately.

(10) The industrial unit shall not transfer or dispose of the plant and machinery in any manner till the completion of 5 years (period of agreement) from the date of agreement.

(11) The industrial unit shall have to furnish the details of production, employment and other information every year and from time to time as sought by the Industries Department.

(12) The unit availing the subsidy shall have to recruit local persons to the extent of a minimum of 60% of the total strength. The percentage of the above-mentioned employment will have to be maintained by the industrial unit during the period of the agreement.

(13) The decisions of the State Level Committee shall be final in deciding the eligible amount of capital investment subsidy and infrastructure subsidy. In case of any doubt/ambiguity the decision/interpretations of the State Level Committee is final and binding on all concerned. The decision of the Secretary to Government (Industries and Commerce) is final in all other incentives, viz., (i) Rent subsidy to SC/ST/Women entrepreneurs, (ii) Interest subsidy, (iii) Employment subsidy and (iv) Subsidy for generators.

(14) Investment subsidy to the industrial units is liable to be refunded by the units with interest @ 14% per annum on issue of registered demand notice to the units by the Director of Industries and Commerce on grounds of obtaining subsidy by misrepresentation, forgery, deception or if the unit is not found working for 5 years from the date of receipt of subsidy or for violation of conditions of agreement. All amounts due to the Government under this provision shall, in case of default, be recoverable as arrears of land revenue under the provisions of the Revenue Recovery Act. Sufficient opportunity to show cause shall however be granted to the units before a demand is raised against it.

(15) The Government is empowered to withdraw all/part of the above-mentioned incentives/subsidies without assigning any reason.

(16) The form of application in respect of the said scheme will be prescribed by the Directorate of Industries and Commerce.