GOVERNMENT OF PUNJAB
DEPARTMENT OF INDUSTRIES & COMMERCE

NOTIFICATION

No.CC/FIIP/2013/5343 **Dated: 05.12.2013**

The Governor of Punjab is pleased to formulate 'Fiscal Incentives for Industrial Promotion-2013' to facilitate the development of Industry in the State of Punjab, as contained in Chapters 1 to 9 hereunder:

Contents

Chapter 1

INTRODUCTION

To encourage industrial development and employment generation in the State, it is imperative that fresh impetus is given to Industry and Commerce. Hence, the State Government announces this Package of Fiscal Incentives for setting up new industry. Alive to the needs and aspirations of SME sector, the package provides for liberal incentives to this segment too.

The Industrial Policy - 2009 notified vide No.CC/NIP/2009/1547 dated 07.10.2009 will stand amended and modified to the extent of the fiscal incentives, and terms and conditions contained in this Package.

Chapter 2

INCENTIVES FOR LARGE MANUFACTURING SECTOR UNITS

2.0 VAT and CST Incentives

2.1 VAT & CST incentives for new Units with Fixed Capital Investment of above Rs.25cr:

2.1.1 VAT & CST incentive shall be available to new units with Fixed Capital Investment (FCI) of above Rs.25cr, as shown in Table-2.1. The quantum of incentive would be available on the VAT and CST payable per annum.

2.1.2 The incentive shall be available during Eligible Period, as given in Table 2.6, from the Date of Approval of the unit.

2.1.3 This incentive shall commence only after the Date of Production.

2.1.4 Maximum cumulative quantum of incentive for Eligible Period is given in Table-2.1.

Table-2.1 : Quantum of VAT/CST incentive

Eligible Area*	FCI above Rs.25cr to Rs.100cr	FCI above Rs.100cr to Rs.500cr	FCI above Rs.500cr
Zone I	60% VAT +75% CST	70%VAT +75%CST	80%VAT +75%CST
Maximum cumulative quantum of incentive	60% of FCI	70% of FCI	80% of FCI
Zone II	30% VAT+ 50% CST	35% VAT+ 50% CST	40% VAT+ 50% CST
Maximum cumulative quantum of incentive	30% of FCI	35% of FCI	40% of FCI
Eligibility Period in Years	10	11	13

* Zones are defined in Table-2.7

2.2 VAT & CST incentive for Units with Fixed Capital Investment above Rs.10cr to Rs.25cr:

2.2.1 VAT & CST incentive shall be available to new units, having Fixed Capital Investment (FCI) above Rs.10cr to Rs.25cr, which have obtained a term loan from a Financial Institution/Bank, as shown in Table 2.2. The quantum of incentive would be available on the VAT and CST payable per annum.

2.2.2 The incentive shall be available during Eligible Period, as given in Table 2.6, from the Date of Approval of the unit.

2.2.3 This incentive shall commence only after the Date of Production.

2.2.4 Maximum Cumulative Quantum of Incentive for Eligible Period is given in Table 2.2.

Table 2.2 :

Eligible Area*	FCI above Rs.10cr to Rs. 25cr	Maximum cumulative quantum of incentive	Eligible Period from Date of Approval
Zone I	50% VAT+ 75% CST	50% of FCI	8 Years
Zone II	25% VAT+ 50% CST	25% of FCI	8 Years

* Zones are defined in Table-2.7

2.3 Electricity Duty Incentive:

2.3.1 Exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same unit or exported to PSPCL shall be available to new units, as shown in Table-2.3, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund, shall not be exempted.

2.3.2 This incentive shall be available during the Eligible period of availing incentives, as shown in Table-2.6.

2.3.3 This incentive shall commence only after the Date of Production.

2.3.4 Electricity Duty exemption is not available on Captive Power exported to entities other than PSPCL.

2.3.5 Maximum Cumulative Quantum of Incentive for Eligible Period is given in Table 2.3.

Table 2.3: Quantum of Electricity Duty Incentive

Eligible Area*	FCI above Rs.10cr	Maximum Cumulative Quantum of ED Incentive for Eligible Period
Zone I	100%	100% of FCI
Zone II	50%	50% of FCI

* Zones are defined in Table-2.7

2.4 Stamp Duty Incentive:

2.4.1 Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, as shown in Table 2.4, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted.

2.4.2 This exemption shall be available for real estate purchased/leased within a period of 3 years from Date of Approval.

2.4.3 Refund of Stamp duty shall be allowed for all real estate which has been purchased/leased upto 3 years prior to the date of submission of application form, by the same entity. The refund, however, will be given only after the Date of Production.

2.4.4 The quantum of land shall be determined as per the project report appraised by the Financial Institution/Bank.

Table 2.4: Quantum of Stamp Duty Incentive

Eligible Area*	FCI above Rs.10cr
Zone I	100%
Zone II	50%

* Zones are defined in Table-2.7

2.5 Property Tax Incentive:

2.5.1 Exemption from payment of Property Tax shall be available during the Eligible Period of availing incentives, as shown in Table-2.5.

2.5.2 Projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of Property Tax during the balance Eligible Period of availing incentives, as shown in Table-2.6.

2.5.3 This incentive shall commence only after the Date of Production.

Table 2.5: Quantum of Property Tax Incentive

Eligible Area*	FCI above Rs.10cr
Zone I	100%
Zone II	50%

* Zones are defined in Table-2.7

2.6 Period of Incentives:

2.6.1 Eligible Period of availing VAT, CST, Electricity Duty and Property Tax incentives shall be as shown in Table-2.6.

2.6.2 Eligible Period of availing incentives shall be determined from the Date of Approval.

Table-2.6: Period of Incentives (for VAT, CST, Electricity Duty & Property Tax exemption.)

	FCI above Rs.10cr to 25cr	FCI above Rs.25cr to 100cr	FCI above Rs.100cr to 500cr	FCI above Rs.500cr
Eligible Period for availing incentives	8 Years	10 Years	11 Years	13 Years

2.7 Investment Zones:

Units shall be eligible for incentives as per the Zones given in Table2.7.

Table-2.7: Investment Zones

Zones	Districts & Other Areas
Zone I:	Fazilka, Ferozepur, Tarn Taran, Amritsar, Gurdaspur, Pathankot, Hoshiarpur, Sangrur, Barnala, Mansa, Moga, Bathinda, Sri Muktsar Sahib and Faridkot. All approved Industrial Parks, Industrial Focal Points and Industrial Estates in all districts of the State.

Zone II:	Patiala, Fatehgarh Sahib, Ludhiana, Jalandhar, Kapurthala, Shaheed Bhagat Singh Nagar (Nawanshahr), Rupnagar and Ajitgarh(Mohali).

2.8 General Conditions:

General conditions as contained in Chapter 5 shall be applicable to all projects considered for grant of incentives under this Chapter.

Chapter 3

INCENTIVES FOR SMALL AND MEDIUM UNITS

3.1 VAT and CST incentive for Units with Fixed Capital Investment (FCI) from Rs.1.0 cr to Rs.10 cr:

3.1.1 VAT and CST incentive shall be available to new Small & Medium Units, having FCI from Rs.1 cr to Rs.10 cr., which have obtained term loan from a Financial Institution/Bank, as shown in Table 3.1. The quantum of incentive would be available on VAT and CST payable per annum.

3.1.2 The incentive shall be available only to units setup in Industrial Focal Points, Industrial Estates and approved Industrial Parks.

3.1.3 The incentive would be available for a maximum period of 7 years from the Date of Approval.

3.1.4 This incentive shall commence only after the Date of Production.

3.1.5 Maximum Cumulative Quantum of Incentive for Eligible Period is as per Table 3.1.

Table-3.1

Eligible Area	FCI Rs.1 cr to Rs.10 cr	Eligible Period from Date of Approval	Maximum cumulative quantum of incentive
Within approved Industrial Focal Points, Industrial Estates, Industrial Parks	50% VAT + 75% CST	7 Years	50% of FCI

3.2 Electricity Duty Incentive:

3.2.1 100% exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same unit or exported to PSPCL, shall be available to new units, as shown in Table-3.2, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund, shall not be exempted.

3.2.2 This incentive would be available for a maximum period of 7 years from the Date of Approval.

3.2.3 This incentive shall commence only after the Date of Production.

3.2.4 Electricity Duty exemption is not available on Captive Power generated and sold.

3.2.5 Maximum Cumulative Quantum of Incentive for Eligible Period is as per Table 3.2.

Table-3.2

Eligible Area	FCI Rs.1 cr to Rs.10 cr	Eligible Period from Date of Approval	Maximum cumulative quantum of incentive
Within approved Industrial Focal Points, Industrial Estates, Industrial Parks	100% of ED	7 Years	100% of FCI

3.3 Stamp Duty Incentive:

3.3.1 100% exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted.

3.3.2 This exemption shall be available for real estate purchased/leased within a period of 3 years from Date of Approval.

3.3.3 Refund of Stamp duty shall be allowed for all real estate which has been purchased/leased up to 3 years prior to the date of submission of application form, by the same entity. The refund, however, will be given only after the Date of Production.

3.3.4 The quantum of land shall be determined as per the project report appraised by the Financial Institution/Bank.

3.3.5 The incentive shall be available only to units setup in Industrial Focal Points, Industrial Estates and approved Industrial Parks.

3.4 Property Tax Incentive:

3.4.1 100% exemption from payment of Property Tax shall be available during the Eligible Period of 7 years from the Date of Approval.

3.4.2 Projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of Property Tax during the balance Eligible Period of 7 years.

3.4.3 This incentive shall commence only after the Date of Production.

3.4.4 The incentive shall be available only to units setup in Industrial Focal Points, Industrial Estates and approved Industrial Parks.

3.5 Conditions:

3.5.1. These incentives shall be applicable to new Small & Medium manufacturing Units with investment from Rs.1.0 cr to Rs.10 cr.

3.5.2 The incentives under this Chapter shall be available only to units set up in Industrial Focal Points, Industrial Estates and approved Industrial Parks.

3.5.3 These incentives shall be available only to Projects which have obtained term loan from a Financial Institution/Bank.

3.5.4 All General conditions as contained in Chapter 5 shall be applicable to Projects considered for grant of incentives under this Chapter.

Chapter 4

INCENTIVES FOR INTEGRATED TEXTILE UNITS

4.0 Applicability

The incentives provided hereunder are applicable to Integrated Textile Units. An Integrated Textile Unit (ITU) is one that consists of composite processes including spinning, weaving and/or knitting, processing and manufacturing of end-products like fabrics, garments, towels, etc. It has to be set up in the defined Textile Zone with investment of at least Rs.150.00 crore and above.

4.1 VAT and CST Incentives

4.1.1 VAT & CST incentive shall be available to new Integrated Textile Units with Fixed Capital Investment (FCI) of Rs.150cr and above, as shown in Table-4.1. The quantum of incentive would be available on the VAT and CST payable per annum.

4.1.2 The incentive shall be available during Eligible Period, as given in Table 4.6, from the Date of Approval of the unit.

4.1.3 This incentive shall commence only after the Date of Production.

4.1.4 Maximum cumulative quantum of incentive for Eligible Period is given in Table-4.1.

Table-4.1 : Quantum of VAT/CST incentive

	FCI Rs.150cr to Rs. 500cr	FCI above Rs.500cr
VAT & CST Incentive	80%VAT +80%CST	90%VAT +80%CST
Maximum cumulative quantum of incentive	80% of FCI	90% of FCI

4.2 Electricity Duty Incentive:

4.2.1 100% exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same unit or exported to PSPCL, shall be available to new Integrated Textile Units, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund, shall not be exempted.

4.2.2 This incentive shall be available during the Eligible period of availing incentives, as shown in Table-4.6.

4.2.3 This incentive shall commence only after the Date of Production.

4.2.4 Electricity Duty exemption is not available on Captive Power exported to entities other than PSPCL.

4.2.5 Maximum Cumulative Quantum of this incentive for Eligible Period is limited to 100% of FCI.

4.3 Stamp Duty Incentive:

4.3.1 100% exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted.

4.3.2 This exemption shall be available for real estate purchased/leased within a period of 3 years from Date of Approval.

4.3.3 Refund of Stamp duty shall be allowed for all real estate which has been purchased/leased upto 3 years prior to the date of submission of application form, by the same entity. The refund, however, will be given only after the Date of Production.

4.3.4 The quantum of land shall be determined as per the project report appraised by the Financial Institution/Bank.

4.4 Property Tax Incentive:

4.4.1 100% exemption from payment of Property Tax shall be available, during the Eligible Period of availing incentives, as shown in Table-4.6.

4.4.2 Projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of Property Tax during the balance Eligible Period of availing incentives, as shown in Table-4.6.

4.4.3 This incentive shall commence only after the Date of Production.

4.5 Market Fee/ Rural Development Fund/ Infrastructure Development Cess, Incentive:

4.5.1 50% exemption from payment of Market Fee, Rural Development Fund and Infrastructure Development Cess on the purchase of cotton would be available during the Eligible Period as shown in Table 4.6.

4.5.2 Maximum cumulative quantum of this incentive for Eligible Period is limited to 50% of FCI.

4.6 Period of Incentives:

4.6.1 Eligible Period of availing VAT, CST, Electricity Duty, Property Tax, Market Fee, Rural Development Fund and Infrastructure Development Cess incentives shall be as shown in Table-4.6.

4.6.2 Eligible Period of availing incentives shall be determined from the Date of Approval.

Table-4.6: Period of Incentives for VAT, CST, Electricity Duty, Stamp Duty, Property Tax, Market Fee, RDF and ID Cess.

	FCI Rs.150cr to 500cr	FCI above Rs.500cr
Eligible Period for availing incentives	11 Years	13 Years

4.7 Textile Zone:

Integrated Textile Units shall be eligible for incentives in the districts covered in Textile Zone as shown in Table 4.7.

Table 4.7 Textile Zone

Textile Zone	Mansa, Bathinda, Muktsar, Fazilka, Ferozepur, Faridkot, Moga, Barnala, Sangrur, Patiala, Amritsar and Tarn Taran. All approved Industrial Parks, Industrial Focal Points and Industrial Estates in all districts of the State.

4.8 Conditions:

4.8.1 An Integrated Textile Unit shall be eligible for availing incentives only if project is designed to process at least 60% of the raw material up to the end-product stage viz. fabrics, garments, towels etc.

4.8.2 General conditions as contained in Chapter 5 shall be applicable to all projects considered for grant of incentives under this Chapter.

Chapter 5

GENERAL PROVISIONS

5.1 General Conditions:

5.1.1 New Unit: A new unit has to be set up at a new site. An existing enterprise which sets up a new unit in the same premises shall be considered for incentives provided the new unit is located in a distinct building/structure.

5.1.2 Expansion Project: Projects which undertake expansion shall satisfy the following conditions:

1. There shall be a minimum 50% increase in the Fixed Capital Investment (original value without depreciation) for all projects with original investment of Rs.100 crore or less subject to the condition that the minimum increase in the FCI would be Rs.1 crore.
2. For projects with original investment above Rs.100 crore the minimum expansion in FCI shall be 25% subject to a lower limit of Rs.50 crore.
3. Such projects undertaking expansion shall be eligible only for 50% of the incentives of the slab in which the expansion project falls under the FIIP-2013.
4. Such expansion shall have to be carried out after the cut off date of 01-04-2013 meaning thereby that the unit shall make the requisite investments only after 01-04-2013 as expansion of the existing project.

5.1.3 Mega Projects approved under Industrial Policy 2009 and other projects which will come into commercial production on or after 01-04-2013:-

a. Under the Industrial Policy 2009, the approved mega projects which have already signed agreements with the concerned Nodal Department but have not commenced commercial production, (after completing the minimum required investment), will be considered for extending the fiscal incentives approved under the FIIP 2013 provided they have come into commercial production on or after 01-04-2013. As regards new incentives provided under the FIIP 2013, namely VAT/CST retention and property tax exemption such units shall be given only 50% of the incentives under the policy.

b. Under the Industrial Policy 2009, the approved mega projects which have not yet signed the agreements with the concerned Nodal Department may apply afresh to the nodal agency for considering their case for the grant of fiscal incentives under the FIIP 2013 provided they have not already come into commercial production before 01-04-2013.

c. Since, the FIIP 2013 comes into effect on 01-04-2013, all other projects which come into commercial production on or after 01-04-2013 will be considered for grant of incentives under the FIIP 2013 (provided they apply to the nodal agency). However, only such investment as is actually made after 01.04.2013 will be eligible for incentives under FIIP 2013.

d. All approved Mega Projects which have come into commercial production before 01-04-2013 will be covered under the Industrial Policy 2009 only, irrespective of the fact that they have signed or not signed the agreement with the Govt.

5.1.4 Fixed Capital Investment (FCI) shall mean the investment incurred on building, plant & machinery and equipment.

5.1.5 The investment category of the project, for determining quantum of incentives, will be frozen on the basis of the category mentioned in the Eligibility letter issued on Approval of Project. Entitlement for an appropriate higher investment category will be permitted only in case the increase is at least 100% of the originally approved Fixed Capital Investment (FCI). In such cases the eligible period shall continue to be determined from date when the original project was first approved. However, if FCI in the project is lower than that mentioned in the eligibility letter, then the eligibility of the project for incentives shall be re-determined keeping in view the actual investment made.

5.1.6 a) Date of Approval shall be the date on which package of incentives is approved by the concerned Nodal Agency or by the competent authority as may be notified by the State Government.

b) For old projects or projects in pipeline under para 5.1.3 (a) & (b), the date of approval shall be the date of original approval of the Empowered Committee under the Industrial Policy 2009.

5.1.7 Date of Production shall be the date on which the unit commences commercial sale of its product.

5.1.8 A composite application form shall be made available by the Nodal Agency on its website.

5.1.9 The availment of incentives will cease either on the exhaustion of the applicable quantum or on the completion of the Eligible Period, whichever is earlier.

5.1.10 The State Government may provide higher incentives or any other incentives to specific projects, as it may deem fit. Such cases shall be decided by the Empowered Committee.

5.1.11 The actual Fixed Capital Investment as well as FCI reflected in the Financial Institution / Bank Appraised Project Report shall have to be certified by a Chartered Accountant.

5.1.12 Government of India is in the process of introducing a uniform Goods & Services Tax (GST) regime throughout the country. In this event the benefits related to CST/VAT incentives granted or being availed would be suitably modified by the State Government in conformity with the GST regime.

5.1.13 If any false declaration is given for the purpose of availing incentives or if any incentives are availed for which unit was not eligible, the amount of incentives are liable to be recovered from the date of availment of such incentives as arrears of land revenue along with interest compounded annually @ 18% per annum.

5.1.14 In the event of non-commencement of production or non-fulfillment of any of the aforementioned conditions, the unit shall be liable to refund the incentives so availed along with interest @ 15% compounded annually. Failure of refund of such incentives shall make the company liable for recovery of the amount as arrears of land revenue.

5.1.15 The Maximum limit of the sum of all incentives (VAT, CST, Electricity Duty, Stamp Duty, Property Tax, Market Fee, Rural Development Cess, Infrastructure Development Cess etc.) as provided in this Policy that can be availed under this notification shall not exceed 100% of Fixed Capital Investment (FCI).

5.1.16 The proponent shall submit an application, in prescribed format for apportionment of these incentives. Further, Eligibility letter, issued on approval of project, shall contain full details with regard to apportionment of such incentives.

5.1.17 A sum equal to 1% of the Fixed Capital Investment (FCI) shall be contributed into the Punjab State Cancer & Drug Addiction Treatment Infrastructure Fund, constituted under section-4 of the Punjab State Cancer & Drug Addiction Treatment Infrastructure Fund Act, 2013. Such contribution shall be made in the relevant head by the proponent before the issue of Eligibility Letter.

5.1.18 The incentives available under this notification shall be effective from 1st April 2013. Wherever required each concerned Department shall issue notifications / orders giving effect to this Policy w.e.f. the aforesaid date i.e. April 1, 2013.

5.1.19 A negative list of industries/sectors which shall not be eligible for incentives under this Policy is at **Annexure - I.**

5.2 Incentives for other Sectors:

5.2.1 Incentives for Industrial Parks, including Mixed-use Industrial Parks, and other investments in the realty sector shall be as per the Housing & Urban Development Policy, 2013.

5.2.2 Incentives for other sectors viz. Information Technology, Agro & Food Processing (including Integrated Sugar Complexes), Tourism and Health Services are provided under the respective Chapters.

Chapter 6

INCENTIVES FOR ELECTRONICS HARDWARE AND IT INDUSTRY

6.1 Preamble

a) Punjab symbolizes the land of enterprise and endeavor. The State of Punjab, blessed with fertile soils and rivers, has earned the distinction of being the "Food Basket and Granary of India" owing to its enterprising spirit and toil of its people. Punjab is a progressive State of India and has evolved into a land of boundless opportunities for investment, industry and employment. As per World Bank Study, 2009, Punjab has been adjudged the "Best Destination for doing business in India". Punjab has the highest road density in India and envisages to be power surplus state soon. To add to its prestige, the State already has Indian School of Business at Mohali and Indian Institute of Technology at Rupnagar. It has planned to develop Knowledge City in Mohali with major initiatives of setting-up Indian Institute of Science Education & Research, Indian Institute of Nano Science Technology, National Agri-Food Biotechnology Institute etc.

b) The existing estates in Mohali were developed during the year 1980-81 for setting up of Electronic Industries. Last IT/ Knowledge Policy of Punjab was notified in October, 2009. The recession trends worldwide did impact the growth of the IT sector in the state also. However, in view of the fast changing global economic scenario, the state government has decided to frame a new well directed investment policy to boost the State's economy and to achieve leadership as a catalyst of India's advancement in the coming years. Mohali and areas in its vicinity has been emerging as the most preferred investment destination in Northern India for IT/ ITeS/ Knowledge industry. State of Punjab would endeavor to maintain the prominence of Mohali by upgrading and improving the infrastructure continuously to international standards. Besides, the State would also create new IT/ ITeS/ Knowledge/ Electronics industry hubs/ clusters in Mohali as well as Amritsar on priority basis. For this purpose the State government has already identified about 1700 acres in the district of Mohali for development as Knowledge Park whereby IT/ ITeS/ Knowledge/ Electronics industry hubs/ clusters would be set-up.

c) This strategy has been conceived keeping in view the fact that there is need to augment the infrastructure in the state by allowing development of world class campus/ complexes to fulfill the requirements of Information Technology (IT), Information Technology Enabled Services (ITES), Knowledge and Electronics Hardware Industry which will contribute as the primary instrument for facilitating Punjab's emergence as a leading state in the country. Further looking at the large number of employment opportunities associated in this sector, the State Government intends to accelerate growth of this sector.

d) Under this policy, the incentives for the IT/ITES/Knowledge industry will be available for the Districts of Mohali and Amritsar only. Whereas, for the

Electronic Hardware Industry, the incentives will be available in the entire State of Punjab.

6.2 Vision

To position the State of Punjab as one of the most preferred and competitive investment destination in the field of Information Technology (IT), Information Technology Enabled Services (ITES), Knowledge and Electronics Hardware Industry.

6.3 Mission

To create simple, investor friendly, efficient, conducive and an enabling ecosystem for investment in field of Information Technology (IT), Information Technology Enabled Services (ITES), Knowledge and Electronics hardware industry in the State of Punjab by focusing on policy advocacy, reforms, facilitating infrastructure, human capital development, proactive engagement with investors and customer care.

6.4 Definitions

a) Electronics Hardware Industry consists of electronic systems design and manufacturing industry which comprises semiconductor design, high-tech manufacturing, electronic components and electronic system design for consumer electronic products, telecom products & equipments and IT systems & hardware. Electronic Hardware Industry for the purpose of application of this Policy shall be as per the list of verticals of Electronics System Design Manufacturing provided in the guidelines for operation of the Modified Special Incentive Scheme for Electronics System Design Manufacturing sector issued by Department of Electronics and Information Technology (DeitY), Government of India, as amended from time to time. Annexure-1 gives the list of industries included in this category.

b) Electronic hardware manufacturing units refer to companies in the Electronic Hardware Industry.

c) IT units refer to companies in the IT software design & development, software maintenance & implementation, operation of software systems, provision of software services, management of database, maintenance of computer networks and telecommunication network, network services, network administration, business process outsourcing or providing Information Technology enabled Services (ITeS).

d) ITeS means digital communication services, digital information content provision, digital database management and updation, remote digital office services, software operations and other information work that relies primarily and substantially on digital communication including data centres, call centers and back offices operations using IT but not directly sales and marketing.

e) Knowledge Industries would be eligible for the benefits under this policy at par with IT units, which refer to those industries which are relatively intensive in their inputs of technology and/or human capital. These include IT/ITES, Nanotechnology, Consulting and Biotechnology. This will also include Research and Development services and other specialized institutions, institutions offering specialized education & training for IT and Knowledge Industries and Electronics Hardware Industry such as finishing schools, Entrepreneurship Development Cells, Incubation Centres, Institutes of higher learning and other knowledge industries.

f) Developers or builders refer to infrastructure companies constructing built up space for sale/ lease/ or lease-cum-sale to the IT/ ITeS/ Knowledge/ Electronic Hardware industries.

g) MSMEs means Micro, Small & Medium Enterprises defined by Govt. of India as follows:

Manufacturing Sector	
Enterprises	**Investment in plant & machinery**
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees
Service Sector	
Enterprises	**Investment in equipments**
Micro Enterprises	Does not exceed ten lakh rupees:
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five core rupees

h) IT Parks are defined as follows:

a) Minimum area required for plotted I.T. Park will be 5 Acres for the Parks being setup within Municipal limits and 10 Acres outside Municipal limits subject to provisions of the relevant Master Plan.

b) In case of built-up I.T. Park, the minimum area required will be 2.5 Acres and minimum investment required in case of such Parks should be Rs 25 Crores.

6.5 <u>FOLLOWING INCENTIVES SHALL BE PROVIDED</u>

General provisions as mentioned in Chapter-5 of this Fiscal Incentives for Industrial Promotion 2013 shall be applicable.

6.5.1 <u>FOR IT/ ITES/ KNOWLEDGE INDUSTRY UNITS</u>

6.5.1.1 APPLICABILITY OF THE INCENTIVES

Unless otherwise specifically mentioned, a minimum investment of Rs. 1 crore would be required for availing the incentives under this policy.

These incentives will be available for the Districts of Mohali and Amritsar only.

6.5.1.2 **PROVISIONS OF VAT**

a) 80% exemption of VAT for the new units from commencement of production and started after the date of issue of this Policy, for a period of 10 years from the date of commencement of production for products made in Punjab and sold in Punjab.

b) 80% exemption of CST on all IT products for 10 years.

c) However the maximum cumulative quantum of these incentives will be limited to 80% of FCI.

d) Reimbursement of VAT paid by the promoter on the purchase of machinery and equipment for the unit, within the State

6.5.1.3 **INCENTIVES IN RESPECT OF ELECTRIC POWER**

a) Power would be available to units in approved IT Parks, Industrial Focal Points and Industrial Areas and Industrial Estates at the tariff applicable to industry.

b) Exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same unit or exported to PSPCL shall be available to new units, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund, shall not be exempted.

c) This incentive shall be available during the eligible period of availing incentives i.e. 10 years.

d) This incentive shall commence only after the date of Production.

e) Electricity Duty exemption is not available on Captive Power exported to entities other than PSPCL.

6.5.1.4 **EXEMPTION FROM STAMP DUTY**

a) No stamp duty will be levied in respect of land allotted by Department of Information Technology/any other Development Authority of the State to the units.

b) 100% exemption of stamp duty for IT/ITES/Knowledge Units/Developers on all components within the said Park on the sale/ lease / lease-cum-sale of land or built up office space within the constructed IT Park. This concession would be available only for the first transaction when the first sale by the infrastructure company is made to a unit.

c) For the projects where land has been acquired upto 3 years prior to the date of application by the applicants the same shall be eligible for refund which will be given after the start of commercial production.

d) Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted.

6.5.1.5 PROPERTY TAX INCENTIVE

The units shall be exempted from payment of Property Tax for a period of 10 years from the date of approval. The projects whose premises subsequently falls in Municipal Corporation, Municipal Council or Notified Area Committee limits shall also remain exempt from payment of property tax for this period of 10 years from the date of approval.

6.5.1.6 EXEMPTION FROM CLEARANCE FROM POLLUTION CONTROL BOARD

The units notified by Department of Information Technology, Government of Punjab will not require any NOC/ Clearance from Punjab Pollution Control Board (PPCB) for release of electricity connection from Punjab State Power Corporation Limited (PSPCL). In case Diesel Gen-Sets are installed in the project, the requisite NOC for the same shall required to be obtained by the unit/ developer from PPCB.

6.5.1.7 EXEMPTION FROM INSPECTION UNDER VARIOUS LABOUR LAWS

a) The units will be exempted from inspections under the following Acts and the Rules framed there under, barring inspections arising out of specific complaints. The units will be permitted to file self-certifications as in the prescribed formats.
   i. The Payment of Wages Act, 1936
   ii. The Minimum Wages Act, 1948
   iii. The Factories Act, 1948
   iv. The Employment Exchanges Act, 1959
   v. The Employment Exchange (Notification of Vacancies Act), 1961
   vi. The Punjab Shops and Commercial Establishment, 1958
   vii. The Contract Labour (Regulation & Abolition) Act, 1970

b) All such units have general permission for three shift operations with women allowed to work in the night shift, provided adequate measures have been taken to ensure safety of the women employees.

6.5.1.8 EXEMPTION FROM PUNJAB APARTMENT AND PROPERTY REGULATION ACT (PAPRA)

The units shall be exempted from the Punjab Apartment and Property Regulation Act (PAPRA) 1995, except for section 5(9), Section 6 to Section 20, Section 32 and Section 36 to Section 39 of the Act, in accordance with the power vested with the state government under Section 44 (2) of the Act.

6.5.1.9 OTHER INCENTIVES RELATED TO HOUSING AND URBAN DEVELOPMENT

a) 40% of mechanical parking is allowed.

b) Units will have permissible FAR of 1:3 of gross area of the project.

c) The Equated Car Space (ECS) shall be 1 per 100 sqm of covered area upto 5 acre plot and 2 per 100 sqm of covered area for plot greater than 5 acres.

d) 5% residential component of total built up area under industrial use shall be permissible.

e) Exemption from Zoning Regulations and Conversion Charges

   i. Notified units are exempted from land use zoning regulations and can be set up in any of the following notified land uses in the Master Plan/ Zonal Development Plan:
      - Residential use zone
      - Commercial use zone
      - Institutional use zone
      - Industrial use zone
      - Mixed use

   ii. No conversion or change of land use charges or External Development Charges would be levied.

The local authority shall obtain a bank guarantee for an amount equal to 100% (One Hundred percent) of the conversion charges due**.** The premises will be inspected on completion by development agency for ensuring compliance with the above stipulations before advising the Local Authority for discharge of Bank Guarantee.

6.5.2 <u>FOR ELECTRONICS HARDWARE MANUFACTURING INDUSTRY UNITS</u>

6.5.2.1 APPLICABILITY OF THE INCENTIVES

Unless otherwise specifically mentioned, a minimum investment of Rs. 5 crore would be required for availing the incentives under this policy. The incentives will be available in the entire State of Punjab.

6.5.2.2 PROVISIONS OF VAT

a) 80% exemption of VAT for the new units started after the date of issue of this Policy, for a period of 10 years from the date of commencement of production for products made in Punjab and sold in Punjab.

b) 80% exemption of CST on all electronic hardware products for 10 years.

c) However, the maximum cumulative quantum of these incentives will be limited to 80% of FCI.

6.5.2.3 INCENTIVES IN RESPECT OF ELECTRIC POWER

a) Power would be available to units in approved IT Parks, Industrial Focal Points and Industrial Areas and Industrial Estates at the tariff applicable to industry.

b) Exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same unit or exported to PSPCL shall be available to new units, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund, shall not be exempted.

c) This incentive shall be available during the eligible period of availing incentives i.e. 10 years.

d) This incentive shall commence only after the date of Production .

e) Electricity Duty exemption is not available on Captive Power exported to entities other than PSPCL.

6.5.2.4 **EXEMPTION FROM STAMP DUTY**

a) No stamp duty fee will be levied in respect of land allotted by Department of Information Technology/any other Development Authority of the State to the units.

b) 100% exemption of stamp duty for Electronics Hardware Manufacturing Units/Developers on all components within the said Park on the sale/ lease / lease-cum-sale of land or built up office space within the constructed IT Park. This concession would be available only for the first transaction, when the first sale by the infrastructure company is made to a unit.

c) For the projects where land has been acquired upto 3 years prior to the date of application by the applicants, the same shall be eligible for refund which will be given after start of commercial production.

d) Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted.

6.5.2.5 **PROPERTY TAX INCENTIVE**

The units shall be exempted from payment of Property Tax for a period of 10 years from the date of approval. The projects whose premises subsequently falls in Municipal Corporation, Municipal Council or Notified Area Committee limits shall also remain exempt from payment of property tax for this period of 10 years from the date of approval.

6.5.2.6 **CLEARANCE FROM POLLUTION CONTROL BOARD**

The units notified by Department of Information Technology, Government of Punjab will not require any NOC/ Clearance from Punjab Pollution Control Board (PPCB) for release of electricity connection from Punjab State Power Corporation Limited (PSPCL). In case Diesel Gen-Sets are installed in the project, the requisite NOC for the same shall required to be obtained by the unit/ developer from PPCB.

Electronics Hardware Manufacturing units will have to follow and ensure the guidelines for the reduction in use of hazardous substances in the manufacturing of such equipment under the e-Waste (Management & Handling) Rules 2011 effective from 1.5.12. Moreover, Hazardous Waste Management and Trans-boundary Movement Rules' 2008 will also be applicable.

6.5.2.7 EXEMPTION FROM INSPECTION UNDER VARIOUS LABOUR LAWS

a) The units will be exempted from inspections under the following Acts and the Rules framed there under, barring inspections arising out of specific complaints. The units will be permitted to file self-certifications as in the prescribed formats.
   i. The Payment of Wages Act, 1936
   ii. The Minimum Wages Act, 1948
   iii. The Factories Act, 1948
   iv. The Employment Exchanges Act, 1959
   v. The Employment Exchange (Notification of Vacancies Act), 1961
   vi. The Punjab Shops and Commercial Establishment, 1958
   vii. The Contract Labour (Regulation & Abolition) Act, 1970

b) The units have general permission for three shift operations with women allowed to work in the night shift, provided adequate measures have been taken to ensure safety of the women employees.

6.5.2.8 EXEMPTION FROM PUNJAB APARTMENT AND PROPERTY REGULATION ACT (PAPRA)

The units shall be exempted from the Punjab Apartment and Property Regulation Act (PAPRA) 1995, except for section 5(9), Section 6 to Section 20, Section 32 and Section 36 to Section 39 of the Act, in accordance with the power vested with the state government under Section 44 (2) of the Act.

6.5.2.9 OTHER INCENTIVES RELATED TO HOUSING AND URBAN DEVELOPMENT

a) 40% of mechanical parking is allowed.

b) The ECS and FAR shall be as applicable for other manufacturing industry in Punjab Housing Policy.

c) 5% residential component of total built up area under industrial use shall be permissible.

d) Exemption from Zoning Regulations and Conversion Charges

   i. Notified Electronic Hardware manufacturing units with minimum built up space of 1,00,000 sq. ft. shall be exempted from land use zoning regulations and can be set up in any of the following notified land uses in the Master Plan/ Zonal Development Plan:
      - Industrial use zone
      - Mixed use

   ii. No conversion or change of land use charges or External Development Charges would be levied.

The local authority shall obtain a bank guarantee for an amount equal to 100% (One Hundred percent) of the conversion charges due. The premises will be inspected on completion by development agency for ensuring compliance with the above stipulations before advising the Local Authority for discharge of Bank Guarantee.

6.5.2.10 **PREFERENTIAL MARKET ACCESS (PMA)**

In line with the Government of India policy, Preferential Market access shall be given to Electronics hardware manufacturing units in the State for the products procured by all government departments in the State. The year wise PMA and value addition thresholds for each product shall be in line with the National Electronics Policy and National Telecom Policy. This policy shall be applicable from the date of notification and shall remain in force for a period of next 7 years.

6.5.2.11 **SPECIAL INCENTIVES FOR THE SEMI-CONDUCTOR WAFER FAB**

Separate investment subsidy package for wafer fab capital outlay and required land allocation would be introduced. A special committee under the chairmanship of the Chief Minister shall be constituted for approval and provisioning of these special incentives.

6.5.3 **FOR IT PARKS (Both Software & Electronics Hardware Sectors)**

6.5.3.1 **PROVISIONS OF VAT**

a) 80% exemption of VAT for the new units located in Parks from commencement of production and started after the date of issue of this Policy, for a period of 10 years from the date of commencement of production for products made in Punjab and sold in Punjab.

b) 80% exemption of CST for the new units located in Parks on all IT and electronic hardware products for 10 years.

c) However the maximum cumulative quantum of these incentives will be limited to 80% of FCI.

6.5.3.2 **INCENTIVES IN RESPECT OF ELECTRIC POWER**

a) Provision of uninterrupted power supply to units located in notified IT parks.
b) Power would be available to units in approved IT Parks, Industrial Focal Points and Industrial Areas and Industrial Estates at the tariff applicable to industry.
c) Exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same unit or exported to PSPCL shall be available to new units, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund, shall not be exempted.
d) This incentive shall be available during the eligible period of availing incentives i.e. 10 years.
e) This incentive shall commence only after the date of production.
f) Electricity Duty exemption is not available on Captive Power exported to entities other than PSPCL.

6.5.3.3 **EXEMPTION FROM STAMP DUTY**

a) 100% exemption of stamp duty for Developers on all components within the said Park as a Single Unit on the sale/ lease / lease-cum-sale of land or built up office space within the constructed IT Park. This concession would be available only for the first transaction when the first sale by the infrastructure company is made to a unit.

b) 100% reimbursement from stamp duty on land directly acquired by the developers for construction of IT Parks comprising all components such as industrial, commercial and residential within the said Park as a Single Unit to develop their own campuses only after IT Park is duly notified by Department of Information Technology provided that it is set up at a single location as one unit.

c) For the projects where land has been acquired upto 3 years prior to the date of application by the applicants, the same shall be eligible for refund which will be given after start of commercial production.

d) Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted.

6.5.3.4 **EXEMPTION FROM PUNJAB APARTMENT AND PROPERTY REGULATION ACT (PAPRA)**

The provisions regarding exemption from the PAPR Act in the Punjab Housing Policy 2013 will be applicable to the I.T. Parks as well except that there will not be any obligation on the part of the Promoter to provide any EWS housing in the I.T. Park.

6.5.3.5 **OTHER INCENTIVES RELATED TO HOUSING AND URBAN DEVELOPMENT**

a) An Equated Car Space (ECS) of 1.5 per 100 sqm of covered area upto 5 acre plot and an ECS of 2 per 100 sqm of covered area for plot greater than 5 acres for IT/ITES/Knowledge parks (excluding Electronics Hardware Manufacturing Parks).

b) FAR of 1:3 as per the Punjab Housing Policy 2013 for I.T. units, knowledge based industries, research institutions & commercial components in the I.T. Parks and 1:2 for residential component within the Park. Higher FAR upto 1:3, beyond 1:2 FAR, is purchasable by the Promoter in case of Residential component.

c) For Electronics Hardware Manufacturing parks, the ECS and FAR shall be as applicable for other manufacturing industry in Punjab Housing Policy 2013.

d) 5% residential component of total built up area under industrial use shall be permissible.

e) IT/ITES/Knowledge parks (excluding Electronics Hardware Manufacturing parks) could be set up in any zones except residential zone, notwithstanding the fact that such Parks have Industrial, Residential and Commercial components at the same location.

f) Change of Land Use (CLU) charges would be as per Punjab Housing Policy, 2013 wherein CLU charges are exempted for Industrial component only.

g) External Development Charges (EDC) would be exempted only for IT industry component of the IT Park for a period of three years from the date of applicability of the new incentive policy.

6.5.4 OTHER INCENTIVES COMMON FOR IT/ ITES/ KNOWLEDGE / ELECTRONICS HARDWARE INDUSTRY

In addition to any incentives and concessions provided by various departments of Government of India under various schemes, following common incentives shall be provided to IT/ITES/Knowledge/ Electronics Hardware industry:

6.5.4.1 SPECIAL SUBSIDIZED RATES FOR ALLOTMENT OF LAND

Special subsidized rates will be provided for allotment of land by concerned Government authorities.

6.5.4.2 INCENTIVES FOR PATENTS AND IPR

The government shall reimburse upto 50% of the actual costs (including filing fees, attorney fees, search fees, maintenance fees) with a maximum of Rs. 1 lac for filing a domestic patent and up to Rs. 5 lacs for filing an international patent.

6.5.4.3 SPECIAL INCENTIVES FOR MICRO, SMALL AND MEDIUM ENTERPRISE (MSMEs)

a) Capital and other subsidies to MSMEs will be as per Government of India policies notified from time to time. The State Government will facilitate the MSMEs to avail these subsidies.

b) INCENTIVE FOR QUALITY CERTIFICATIONS: The Government will reimburse 50% of expenditure incurred by the IT software company for obtaining quality certifications for SEI CMM (Software Engineering Institute - Capability Maturity Model) Level 2 upwards, subject to maximum ceiling of Rs. 5 lakhs. Similar reimbursement will be made for ITES Companies for achieving COPC (Customer Operation Performance Centre) and eSCM (eSourcing Capability Model) certification. The IT/ITES units/ companies can claim this incentive only once. This incentive will also be available to approvals/ certifications taken against new electronic standards defined by Government of India in future.

6.5.4.4 SPECIAL INCENTIVES FOR MEGA/ SUPER MEGA PROJECTS

Government may consider special package of incentives for all Mega/ Super Mega Projects on a case to case basis based on the gestation period of projects, pioneering nature of projects, Locational aspects, state of the art technology, profitability, scope for further related investment etc. Empowered Committee under the Chief Minister shall be competent to approve the special package of incentives and modalities for the same.

6.5.4.5 HR INITIATIVE

a) The Government of Punjab recognizes the fact that IT/ITES/Knowledge/ Electronics Hardware industry not only requires skilled work force but also needs assured supply of skilled manpower. Therefore, the Government through the Department of Technical Education & Industrial Training will strive to implement the recommendations made by the National Skill Development Program (NSDP) and other State programs. It will create an Institutional mechanism to coordinate with Engineering Colleges, Polytechnics and ITI to implement the recommendations.

b) The Government has decided to implement the Reverse model where trainers will train students with prior identification of placement under which four Multi-Skill Development Centers (MSDC) are going to be setup at Amritsar, Hoshiarpur, Bathinda and Ludhiana. Government is also technically up-gradating fifty Government ITI's where one lakh students will be trained per annum.

6.5.4.6 INTERNATIONAL OUTREACH

Participation of the IT Department, Government of Punjab with industry association such as MAIT, ELCINA, CII in International IT/ITeS and Electronic exhibition and conference worldwide and also strive to conduct International scale ICT Event in the state to project Punjab as the most ideal destination for investment. The State Government will also explore to tie up opportunities with major IT/ITeS /electronic clusters located globally to give Marketing and Technology access to Local electronic design and manufacturing companies based in Punjab.

6.5.4.7 ENCOURAGEMENT OF "MADE IN INDIA" PRODUCTS

The State Government will encourage the use of products made in India for developmental initiatives such as e-governance plan, UID, SSA and all other e-governance initiatives at the State level. This initiative of the State Government is to reduce the use of imported products in all State and Central Government program. On a case basis where ever required the State Government from time to time will request Government of India to impose Anti Dumping duty of goods which are directly contradicting the Made in India Electronic products. State Government procurement with higher local value addition will be encouraged and additional basis points in Technical evaluation will be given to companies using products with greater Indian value addition and local language interface.

6.5.4.8 IMPLEMENTATION STRATEGY

a) Unless otherwise specifically mentioned, the incentives under this policy shall be applicable to new projects only (for the IT/ITES/Knowledge industry in the districts of Mohali & Amritsar and for the Electronic hardware Industry in entire State of Punjab) and will have no retrospective effect.

b) The State Government will set-up a Society, under the administrative control of the Department of Information Technology which will act as a single window executing agency for an effective implementation and facilitation of this Policy.

6.5.4.9 **DEVELOPMENT OF IT/ ITES/ KNOWLEDGE/ ELECTRONICS INDUSTRY HUBS/ CLUSTERS BY THE STATE GOVERNMENT**

a) The State shall strive to create and maintain a conducive environment for attracting investment through investor friendly rules & procedures and provide timely & smooth facilities. It shall made sustained efforts in removal of any bottlenecks in smooth operation of industries.

b) The State recognizes the increased role of Public-Private-Partnerships and, accordingly it would encourage and emphasize infrastructure development through private initiatives. Government would continue to facilitate private sector investment in developing IT Parks.

c) Apart, the State Government through state developing agency/ agencies will also create sector specific hubs/ clusters for IT/ ITeS/ Knowledge/ Electronics industry. It is incumbent upon the developing agency to facilitate basic facilities within such hubs/ clusters before offering physical possession of plots to the applicants. Such basic facilities include motorable roads for access to the site, water supply system, electrical infrastructure, sewerage and drainage system. There are a number of Secondary and Tertiary and social level facilities and amenities which may be required and which may need to be provided as add-on in due course of time. Provision of such facilities may depend upon third parties.

d) Pricing of allotments: The pricing of allotments in hubs/ clusters is a function of the cost of acquisition of raw land, administrative costs, survey and demarcation, payment of Government fees, planning, development and provision of amenities, final disposal of effluents as necessary infrastructure related amenities, etc. The overall costs so incurred are then loaded on to the net saleable area. Generally allotment by the state developing agencies is on cost basis but it also generates surpluses by way of disposal of commercial/ residential sites. However in case of such hubs/ clusters, this advantage has been passed on the investor/ applicant whereby 5% of total built up area under industrial use shall be made permissible as residential component.

e) The state developing agency shall divide these hubs/ clusters into plots of various sizes/ categories. The prices for these sizes/ categories would be decided by the state developing agency with the approval of the Government and these prices will be updated from time-to-time and from location-to-location.

f) Allotments in these hubs/ clusters shall be made in a transparent manner. The allotments may be made after inviting applications through advertisements in leading newspapers

g) The allocation may be on the basis of consideration of following tentative parameters:-

1) Fixed capital investment (i.e. land, building, machinery & misc. fixed assets) under the project that would be made by the applicant;
2) Employment generation being made under the project;
3) Projects being set up by Non-Resident Indians (NRIs) / Persons of India Origin (PIOs);
4) Projects with 33% or more FDI in total investment;
5) Projects involving creation of ancillaries and large employment

opportunities;

6) Existing industrial units for meeting their expansion/ re-location requirements;
7) Projects involving introduction of state-of-the art/ new technology;
8) New Investments by promoters with established credentials/ experience;
9) Projects being set up by Ex-servicemen, Women entrepreneurs, unemployed engineering graduates/ polytechnic/ ITI trained candidates/first generation/new entrepreneurs who display exceptional entrepreneurial ability/skills, persons with disabilities, etc;

Apart following guiding factors may also be taken into account for consideration for allocation under various sizes/ categories:

1) the credentials of the applicant as an entrepreneur;
2) educational qualifications or experience in the line to successfully execute and manage the proposed project;
3) understanding or knowledge of the project;
4) net worth of the promoter(s);
5) Marketing details;
6) Working results of existing operations, if any;
7) Resource position;
8) Financial details;
9) Performance during the interview; etc

Chapter 7

INCENTIVES FOR AGRO INDUSTRIAL AND FOOD PROCESSING SECTOR

7.1 INTRODUCTION:

7.1.1 Agriculture is the mainstay of Punjab's economy and is the main source of livelihood for rural population which comprises about two-third of the total population of the State. Out of the total geographical area of 50.33 lac hectares in the state, 41.98 lac hectares (84%) is under cultivation. Cropping intensity is 190%. During 2011-12, the State produced 157 lac metric tonnes of paddy and 170 lac metric tonnes of wheat. Cotton is the major cash crop grown in an area of about 5 lac hectares producing 16.9 lac bales of cotton (2011-12). The State's farm sector is highly mechanized.

7.1.2 About 98% of the cropped area is under irrigation. Tube wells are the single largest source of irrigation, covering about 73% of total irrigated area, while canals account for another 27%. More than 13 lac tube wells draw ground water for irrigating crops including paddy. Keeping in view the stress on ground water table, the State Government has already enacted an Act prohibiting sowing of paddy before 10th June. In addition, the Government is making concerted efforts to bring about one third of cultivated area under micro irrigation by the end of 12th five year plan. The State has also chalked out a detailed programme for crop diversification promoting cultivation of maize, pulses, soybeans, fodder, fruits & vegetables and agro forestry as an alternate to paddy.

7.1.3 Horticulture, an important sub-sector of agriculture, offers a lot of scope for crop diversification, value addition, productivity enhancement, export promotion, employment generation, increase in income, and rural development. At present citrus (kinnow) and potato are the major horticultural crops of Punjab. Horticulture accounts for only 3% of the total cropped area. There is good scope for cultivation of fruits like mango, guava, strawberry etc. and vegetables like peas, tomato etc. Area under horticultural crops has been increasing in recent years. The State is investing in research & development and production of quality planting materials for higher farm productivity, better post harvest management and value addition, processing and packaging, marketing and export promotion to bring additional areas under horticultural crops. To facilitate export of fresh fruits & vegetables, the State is upgrading and expanding the perishable cargo centre set up at Amritsar Airport to a world class permanent perishable centre with an investment of over Rs.18 Cr.

7.1.4 Punjab is the fourth highest milk producing state in the country with a daily production of 258 lac litres per day (9% of the country's production). The average milk production per lactation per animal is presently 1300 litres, this needs to be enhanced to a level near 3000 litres. State is procuring semen and embryos of high genetic potential from different countries for the purpose.

7.1.5 Punjab is ranked 1st in the country for achieving highest per hectare inland fish production of 6560 kg. Total area under fish culture is about 11 thousand hectares. In the low lying and water logged areas of South Western parts of the State, commercial fish farming can be a better land use than traditional agriculture. Similarly, brackish water fish farming can be propagated in parts of Bhatinda, Fazilka and Muktsar districts where the ground is brackish.

7.1.6 Adequate infrastructure support has long been viewed as critical pre-requisite for economic development. The pace of investment in infrastructure is a key for sustaining and accelerating the pace of economic development. Punjab having an important bearing on the agriculture has to develop a strong base of infrastructure for sustaining growth in agriculture and allied activities. As such, the State Government has identified promotion of agro/food processing industries as one of the thrust areas in the new Industrial Policy.

7.2 OBJECTIVES

7.2.1 This policy aims to make Punjab the preferred destination for investment in agro industrial & food processing sector.

7.2.2 Punjab has been in the forefront of green revolution since late 60s. With rich agricultural base, it has vast un-tapped potential in agro/food processing sector, which could be used advantageously to achieve multiple goals including increased income for farmers, rural industrialization, employment generation, better quality products to consumers, etc. This can be achieved by new investments in this sector. The broad objectives of Agro & Food Processing Policy are as under:

i. To increase flow of investments in agro & food processing and agri infrastructure projects.

ii. To make Punjab the best source state for supplying agro products and processed foods to other States through retail network/wholesale markets.

iii. To increase value addition and reduce wastages, thereby increasing income of farmers, traders and delivering better quality products to consumers.

iv. To accelerate a close interface between research, extension mechanisms, industry, farmers, markets and consumers.

v. To encourage on-farm processing so as to provide self employment opportunities to rural youth.

vi. To assist small-scale agro/food processing units to remain competitive in a globalized market.

vii. To increase export of fresh/processed fruit & vegetables and value added agri products.

viii. To create processing capacities in the state for poultry, pork, meat, fish, etc.

ix. Encouraging private sector for establishing tissue culture laboratories to produce quality planting material.

x. Encouraging private sector to set up steel silos/scientific godowns for storage of food grains.

7.3 DEFINITION:

7.3.1 Agro/Food Processing Industries:

‘Agro/Food Processing Industry’ means units which add value to agricultural produce, their intermediates and/or residues, and edible animal products by processing or by improving storability or by providing the link from farm to the market or part thereof. Agro Industry also comprises hi-tech agriculture; fish processing; honey processing; cold chain infrastructure; steel silos & warehouses for foodgrains.

7.3.2 Food processing:

Food Processing means “a process of value addition to the agriculture, edible animal products and horticulture produce by various methods such as grading, sorting and packaging with a view to preserve food substances in an effective manner, enhance their shelf life, quality and make them functionally more useful”. It includes the processing of food at all levels primary, secondary and tertiary.

7.3.3 Agricultural Produce:
‘Agricultural Produce’ means produce of agriculture; horticulture; agro-forestry and floriculture.

7.3.4 Hi-tech Agriculture:
‘Hi-tech Agriculture’ means and includes projects employing biotechnology viz. tissue culture, mass multiplication of parasites/predators, fermentation plant for bio-fertilizers, gene-mapping, cloning, genetic engineering or any other frontier technology having agro/food processing application.

7.3.5 Other categories of units, products and process as may be notified by Government from time to time.

7.4 INCENTIVES FOR NEW INVESTMENT IN AGRO/FOOD PROCESSING AND HI-TECH AGRICULTURE

7.4.1 Units with fixed capital investment (FCI) from **Rs.1 Cr to below Rs.25 Cr** which have obtained term loan from a financial institution/bank would be eligible for following incentives.

7.4.1.1 **VAT & CST Incentive**

VAT & CST incentive shall be available to new units as shown in **Table-I**. The quantum of incentive would be available on VAT & CST payable per annum. This incentive shall commence from the date of commercial production.

Table-I

Incentive	Quantum	Maximum eligible period from date of approval	Maximum cumulative quantum of incentive
VAT & CST	80% VAT+ 75% CST	10 years	80% of FCI

The availment of this incentive will cease either on the exhaustion of the applicable quantum or on completion of eligible period, whichever happens earlier.

7.4.1.2 **Electricity Duty Incentive**

Exemption from payment of Electricity Duty on power, including captive power consumed by the same unit or exported to Punjab State Power Corporation Limited (PSPCL) shall be available to new units as shown in **Table-II,** with the proviso that any contributions made out of electricity duty levied, such as those deposited in the Social Security Fund, shall not be exempted. However, this incentive will not be available on captive power exported to entities other than PSPCL.

The incentive would be available during the eligible period and shall commence from the date of commercial production.

Table-II

Incentive	Quantum	Maximum eligible period from date of approval	Maximum cumulative quantum of incentive
Electricity duty	100%	10 Years	100% of FCI

The availment of this incentive will cease either on the exhaustion of the applicable quantum or on completion of eligible period, whichever happens earlier.

7.4.1.3 **Stamp Duty Incentive**

Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with nodal agency, with the proviso that any other charges such as Social Security Fund, as levied in Schedule 1-B of the Act shall not be exempted.

This exemption shall be available for real estate purchased/leased within a period of 3 years from the date of approval.

Refund of stamp duty shall be allowed for all real estate which has been purchased/leased upto three years prior to the date of submission of application form by the same entity. The refund however, will be given only after the date of commencement of commercial production.

The quantum of land shall be determined as per the project report appraised by the Financial Institutions/Banks.

7.4.1.4 **Property Tax Incentive:**

Exemption from payment of Property Tax shall be available to new units during the eligible period of availing incentive as shown in **Table-III**.

Projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of property tax during the balance eligible period of availing incentive.

The incentive shall commence from date of commercial production.

Table-III

Incentive	Quantum	Maximum eligible period from date of approval
Property Tax	100%	10 years

7.4.2 New units with fixed capital investment of **Rs.25 Cr and below Rs.100 Cr,** which have obtained term loan from a financial institution/bank would be eligible for following incentives.

7.4.2.1 **VAT & CST Incentive**

VAT & CST incentive shall be available to new units, as shown in **Table-IV**. The quantum of incentive would be available on VAT & CST payable per annum. This incentive shall commence from the date of commercial production.

Table-IV

Incentive	Quantum	Maximum eligible period from date of approval	Maximum cumulative quantum of incentive
VAT & CST	85% VAT+ 80% CST	10 years	85% of FCI

The availment of this incentive will cease either on the exhaustion of the applicable quantum or on completion of eligible period, whichever happens earlier.

7.4.2.2 **Electricity Duty Incentive**

Exemption from payment of Electricity Duty on power, including captive power consumed by the same unit or exported to PSPCL shall be available to new units as shown in **Table-V** with the proviso that any contributions made out of electricity duty levied, such as those deposited in the Social Security Fund, shall not be exempted. However, this incentive will not be available on captive power exported to entities other than PSPCL.

The incentive would be available during the eligible period and shall commence from the date of commercial production.

Table-V:

Incentive	Quantum	Maximum eligible period from date of approval	Maximum cumulative quantum of incentive
Electricity duty	100%	10 years	100% of FCI

The availment of this incentive will cease either on the exhaustion of the applicable quantum or on completion of eligible period, whichever happens earlier.

7.4.2.3 **Stamp Duty Incentive**

Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with nodal agency, with the proviso that any other charges such as Social Security Fund, as levied in Schedule 1-B of the Act shall not be exempted.

This exemption shall be available for real estate purchased/leased within a period of three years from the date of approval.

Refund of stamp duty shall be allowed for all real estate which has been purchased/leased upto three years prior to the date of submission of application form by the same entity. The refund however, will be given only after the date of commencement of commercial production.

The quantum of land shall be determined as per the project report appraised by the Financial Institutions/Banks.

7.4.2.4 **Property Tax Incentive:**
Exemption from payment of Property Tax shall be available to new units during the eligible period of availing incentive as shown in **Table-VI**.

Projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of property tax during the balance eligible period of availing incentive.

The incentive shall commence from date of commercial production.

Table-VI

Incentive	Quantum	Maximum eligible period from date of approval
Property Tax	100%	10 years

7.4.3 New units with fixed capital investment of **Rs.100 Cr and above**, which have obtained term loan from a financial institution/bank would be eligible for following incentives.

7.4.3.1 **VAT & CST Incentive**

VAT & CST incentive shall be available to new units, as shown in **Table-VII**. The quantum of incentive would be available on

VAT & CST payable per annum. This incentive shall commence from the date of commercial production.

Table-VII

Incentive	Quantum	Maximum eligible period from date of approval	Maximum cumula-tive quantum of incentive
VAT & CST	90% VAT+ 85% CST	12 years	90% of FCI

The availment of this incentive will cease either on the exhaustion of the applicable quantum or on completion of eligible period, whichever happens earlier.

7.4.3.2 **Electricity Duty Incentive**

Exemption from payment of Electricity Duty on power, including captive power consumed by the same unit or exported to PSPCL shall be available to new units as shown in **Table-VIII,** with the proviso that any contributions made out of electricity duty levied, such as those deposited in the Social Security Fund, shall not be exempted. However, this incentive will not be available on captive power exported to entities other than PSPCL.

The incentive would be available during the eligible period and shall commence from the date of commercial production.

Table-VIII:

Incentive	Quantum	Maximum eligible period from date of approval	Maximum cumula-tive quantum of incentive
Electricity duty	100%	12 years	100% of FCI

The availment of this incentive will cease either on the exhaustion of the applicable quantum or on completion of eligible period, whichever happens earlier.

7.4.3.3 **Stamp Duty Incentive**

Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with nodal agency, with the proviso that any other charges such as Social Security Fund, as levied in Schedule 1-B of the Act shall not be exempted.

This exemption shall be available for real estate purchased/leased within a period of three years from the date of approval.

Refund of stamp duty shall be allowed for all real estate which has been purchased/leased upto three years prior to the date of submission of application form by the same entity. The refund however, will be given only after the date of commencement of commercial production.

The quantum of land shall be determined as per the project report appraised by the Financial Institutions/Banks.

7.4.3.4 **Property Tax Incentive:**

Exemption from payment of Property Tax shall be available to new units during the eligible period of availing incentive as shown in **Table-IX**.

Projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of property tax during the balance eligible period of availing incentive.

The incentive shall commence from date of commercial production.

Table-IX

Incentive	Quantum	Maximum eligible period from date of approval
Property Tax	100%	12 years

7.5 Rationalisation of taxes and fees for Agro and Food Processing Sector is as per **Annexure-III**. The requisite notifications shall be issued by the concerned administrative department. Any benefits deriving out of such rationalisation/ reduction/abolition not being in the nature of fiscal incentives under this policy, shall not be included towards the overall maximum cumulative limit of incentives.

7.6 Mega Food Parks

Agro industrial units coming up in Mega Food Parks set up under Mega Food Park Scheme of Ministry of Food Processing Industries, GOI, will be eligible for incentives under this policy.

7.7 Support for setting up of Centre(s) of Excellence/Agri-business Incubator(s)

The State Government proposes to encourage setting up of centre of excellence/Agri-business Incubators to develop/standardize appropriate food processing technologies based on local produce for their commercial exploitation by entrepreneurs/producers. The centre will also have pilot plant/incubation facility for up scaling of technologies. Besides, the centre will provide training/vocational courses in agro processing to students/farmers/entrepreneurs. The centre will also undertake work like demonstration of good agronomic practices, domestic and international market certification, quality assurance, patenting, brand promotion, logistics etc.

The centre would be provided with financial assistance upto 25% of fixed capital investment, subject to a ceiling of Rs.2.50 Cr.

A Corpus of Rs. 35 Cr. will be created in the govt. to provide requisite financial assistance to such centres and other assistance as provided for in the Policy.

7.8 Subsidy on Domestic distant marketing and export of flowers, fruits & vegetables and import of planting material.

Punjab Agro (PAGREXCO) has been providing following subsidies from the Corpus Fund being maintained by it for distant domestic marketing and exports of flowers, fruits & vegetables to the growers:

i. **Domestic distant marketing (200 kms. away from Punjab Border)**

Subsidy on waxing/grading
50% of the cost of waxing/grading of kinnow
Subsidy on Pre-cooling-cum-cold storage
50% of the cost pre-cooling & cold storage on fruits & vegetables
Subsidy on Packing Material
25% of the cost of non-wooden packing material for all fruits & vegetables

Subsidy on Freight
25% of the inland cost of freight for all fruits & vegetables

Subsidy on Freight (Reefer Vans)
25% of the inland freight cost of frozen fruits & vegetables (other than peas)

ii. **Export of Flowers, fruits & vegetables**
Subsidy on Packing Material
30% of the cost of non-wooden packing material for flowers, fruits & vegetables including frozen, processed and de-hydrated products.

Subsidy on in-land Freight
30% of in-land reefer cost of freight upto airport and/or sea port for flowers, fruits & vegetables including frozen, processed and de-hydrated products.

Subsidy on Air-Freight for partial load
30% of air freight, subject to a maximum of Rs. 10/- per kg. for Asian countries and 25/- per kg. for other countries for flowers, fruits & vegetables including frozen, processed and de-hydrated products.

Subsidy on Air-Freight for full load
50% of air freight, subject to a maximum of Rs. 20/- per kg. for flowers, fruits & vegetables including frozen, processed and de-hydrated products.

Subsidy on Sea-Freight
30% of sea freight cost, subject to a maximum of Rs. 10/- per kg. for Asian countries and 25/- per kg. for other countries for flowers, fruits & vegetables including frozen, processed and de-hydrated products.

iii. **Subsidy on import of seed & planting material for Horticultural crops.**

Subsidy @ 50% of the landed cost in India including cost of planting material & freight.

To run this scheme for next 5 years, the total financial obligation computes to Rs.11.75 Cr. The Government will infuse fresh funds for this purpose.

7.9 Patent Registration Assistance

State Government will encourage individual organization in Government, private or cooperative sector in patent registration by providing financial assistance of 50% cost of patent registration with ceiling of Rs.5 lacs. Financial assistance for patent registration shall be paid out of the Corpus Fund (Para 7.7).

7.10 Modernization of Agriculture

The Govt. shall encourage setting up/strengthening of Agro Service Centres providing modern farm machinery to farmers, especially small, marginal and landless tenant farmers. Subsidy will be provided to individuals/groups purchasing farm equipments under various schemes of Deptt. of Agriculture.

7.11 Research & Development

Agro/Food Processing Units are required to compete in domestic and global markets with stringent quality standards. Such units therefore are required to upgrade their technology and introduce modernization. The State Government will encourage R&D activities in the state. Assistance will be provided to agro/food processing units for sponsored research work undertaken by reputed research institutions, upto 50% of the cost, with a ceiling of Rs.10 lacs, which will be provided from the Corpus Fund (Para 7.7).

7.12 Assistance for preparation of Detailed Project Report

The state govt. will provide assistance for preparation of Project Report for Carbon Credit and the unit getting carbon credits, to the tune of 50% of consultation charges, subject to a maximum of Rs.15 lacs, which will be provided from the Corpus Fund (Para 7.7).

7.13 Assistance for Technical Know-how

Entrepreneurs acquiring technical know-how from any recognised National/State Level Institution to establish or expand their units, will be given financial assistance to the tune of 30% of the fees paid to the institution, subject to maximum of Rs.15 lacs, which will be provided from the Corpus Fund (Para 7.7).

7.14 Food Retailing

Food retail chains making a fixed capital investment of more than Rs.100 Cr. will be given exemption of mandi fee (2%) and rural development fund (2%) on purchase of fruits & vegetables from mandis/farmers within the State for a period of seven years.

7.15 Contract Farming

One of the crucial requirements of agro industry is to get the supply of consistent and quality raw material as per their specifications. At present, raw material is procured by such industry from market place, which often has variable quality and also at times required quantity is not available. This situation has resulted in discouraging optimum size of processing unit to come up and have advantage of economy of scale. Besides small units in food sector are unable to create brand equity and therefore often suffer in market place. In consideration of above, agro industrial units will be encouraged to enter into contract farming arrangements with producers as per the Punjab Contract Farming Act, 2013, recently enacted by the Government.

7.16 The general provisions contained in Chapter 5 of Fiscal Incentives for Industrial Promotion 2013 of Deptt. of Industries & Commerce shall be applicable to units as defined in the Incentives for Agro Industrial & Food Processing sector. However, the benefits included in Annexure-III of clause 7.5 (Rationalization of taxes & fee on agro/food processing sector) shall not be included towards the overall maximum cumulative incentive.

7.17 National Multi Commodity Exchange

Government of India has liberalized futures trading in almost all the agricultural commodities with a view to provide opportunity for trading in multi commodities. The State Government will facilitate setting up of on line multi commodity exchange in the state. This exchange will help farmers to plan their production, sales and realization of better prices by way of trading through warehouse receipts.

7.18 Standards and Grading

With opening of economy and globalization under WTO regime, it has become imperative to grade and standardize agricultural and horticulture products on the basis of international standards. The state will facilitate standardization & grading and formulate develop regulatory mechanism for the same.

7.19 APMC Act will be amended suitably for declaration of factory premises of the agro/food processing units as private mandi/market yards.

7.20 Units coming up in border districts will be given the concession limit of 125% of fixed capital investment, as against 100% for other areas. However, the total VAT and CST retention will not go beyond 100% in any case.

7.21 The applicant availing benefits under centrally sponsored schemes including National Mission on Food Processing will be allowed to avail benefits under this Policy. However, the amount of fixed capital investment will be counted after adjusting the capital subsidy availed under any other scheme of State/Centre.

7.22 In case any unit is found guilty of violation of laws of the land or tax evasion or is involved in illegal activities or its premises are used for anti national activities, the incentives shall be recovered as per the provisions of Industrial Facilitation Act.

Chapter 8

INCENTIVES FOR TOURISM SECTOR

8.1 PREAMBLE

8.1.1 Punjab's position in tourism has improved significantly in the recent past. It has positioned itself as one of the emerging tourist destinations in the country; offering varied tourism products including rich cultural and natural heritage experiences. During 2009, the State was ranked at 28th (in terms of arrival of domestic tourist visits) by the Ministry of Tourism, Government of India. It has graduated to the 14th rank amongst the States in 2010. During 2011 it has attained the 12th rank among the States of India. The number of domestic tourist visits has increased from 1,05,83,509 in 2010 to 1,64,16,638 in 2011.

8.1.2 The Punjab Government has prepared the "Tourism Development Master Plan" with the technical assistance of United Nations World Tourism Organisation (UNWTO) in 2008 for a period of 15 years. The Punjab Government has made huge investment in developing infrastructure, marketing and publicity of tourist sites, monuments, developing tourism products, historical and religious buildings and the hotel sector.

8.1.3 The State aims to promote tourism as a means to achieve sustainable economic development and positive social change while preserving and protecting its environment and heritage. The tourism sector is an important source of creation of income, employment and regional development. It can act as a key economic driver to boost the economy of the state. For this, the sector needs promotion through incentives and benefits. The rapid increase of tourist inflow to the State has posed an immediate requirement for proper accommodation facilities in all categories and quality service to the tourists.

8.2 The incentives under the Policy will be granted to only those Tourism units which are registered with the Department of Tourism.

8.2.1 **Tourism Units means**:
Hotels, MICE, Heritage Hotels, Hotel-cum-Spa/ Resorts-cum-Spa, Special Tourist Units (Farm House, Bed & Breakfast, Tented Accommo-dation Units), Eco-Tourism Units, and Entertainment Infrastructure as defined by the Department of Tourism, Punjab.

8.2.2 **"Hotel" means:**

1. Any premises or part of a premises having a minimum of eight rooms to let out commercially, and having at least one restaurant with a capacity of a minimum 30 guests or a bar or a banquet hall.

or

2. Any premises or part of a premises having more than eight rooms, which are commercially let out, and providing lodging, with or without

board, or serving any kind of eatables or beverages or other services, by way of business, for a monetary consideration.

- Premises excluded from the definition of hotel for the purposes of this policy:

1. Any premises operated by a charitable, religious organization or an educational institution or government institution.
2. Any premises operated by a society, members of a non-proprietary club, institution or other organization and used exclusively by and for the benefit of members of that society, club, institution or other organization.
3. Any premises or other type of accommodation unit which has less than eight rooms for letting.

8.2.3 **"MICE"** is an acronym for Meetings, Incentives, Conferences and Exhibitions:
MICE is a kind of Tourism in which large groups, usually planned well in advance, are brought together for a particular purpose.

- **Convention Halls** should have audio-visual conferencing equipment, facility for high-fidelity recording, video projection/videographs etc. and skilled man-power at various levels. The seating capacity of the hall should be minimum 300 and a mini convention hall should have 20 but preferably atleast 50 seats.

- **Exhibition Hall**: Delegates as well as trade promoters take part in Trade Shows to promote their products during Conventions. Exhibition halls should have the capacity to accommodate at least 20 booths of 3 metres x 3 metres size excluding passages in between and around the booths.

- Convention/Exhibition Halls should also have Restaurants, Parking facility for not less than 50 cars and 5 coaches and residential accommodation for delegates/ participants as per the guidelines for Star Category Hotels.

8.2.4 **"HERITAGE HOTEL"** means the properties built before 1950 and having heritage architecture (to be certified by the Department of Tourism) and meets the requirement of a Hotel as defined in this policy.

8.2.5 **"HOTEL-cum-SPA" / "RESORT-cum-SPA"** means an establishment situated outside municipal limits, with minimum 8 letable rooms, frequented by people for relaxation or recreation wherein a provision has been made for equipment and facilities for exercising and improving physical fitness. The establishment must fulfil the requirements of minimum 3-star category resorts as per the guidelines for Time Share Resorts of the Ministry of Tourism, Government of India.

8.2.6 **<u>"ENTERTAINMENT INFRASTRUCTURE"</u>** means facilities specially created for tourists like amusement parks, adventure parks, tourism parks, any special theme parks, or infrastructure related to the promotion of cinematic tourism (like a film institute, a film city, film studios, theatres etc).

8.2.7 **<u>"SPECIAL TOURIST UNITS"</u>** means the units registered under schemes notified by the Department of Tourism such as Farm Houses/Home Stay, Bed & Breakfast Units and Tented Accommodation etc.

8.2.8 **<u>"GUEST HOUSE"</u>** means

- Any premises or part of a premises with not more than seven rooms, providing lodging with or without boarding.
- any premises or part of a premises with minimum nine rooms providing lodging without boarding.

8.2.9 "**<u>GREEN HOTEL"</u>** means :

Hotels which have obtained a green building certificate as per the approved standards and certified by Punjab Energy Development Agency (PEDA).

8.2.10 **<u>"ECO-TOURISM UNITS"</u>** means :

Those units, which have been approved under the Punjab Eco-Tourism Policy 2009 (as amended from time to time), issued by the Department of Tourism.

8.2.11 **<u>"NEW TOURISM PROJECTS"</u>** means :

All registered new tourism projects/units that have been set up or have commenced operations from the date of notification of the 'Punjab Tourism Industry Promotion Policy-2013'.

8.3 <u>INCENTIVES TO NEW TOURISM PROJECTS :</u>

The incentives/benefits declared under this policy will be admissible only to those new tourism projects, which are registered with the Department of Tourism.

The following incentives are given to new tourism projects:

8.3.1 **<u>EARMARKED HOTEL SITES :</u>**

To promote tourism in the State, sites for Hotel Projects/Entertainment Infrastructure will be ear-marked in all the Urban Estates developed by the various authorities of the Housing and Urban Development Department and within the OUVGL properties of the Government. The Department of Housing & Urban Development will frame detailed scheme for leasing out sites on suitable terms and conditions in consultation with Department of Tourism.

8.3.2 **TAX HOLIDAY FOR NEW TOURISM PROJECTS:**

Incentives will be granted on the basis of investment package for the entire State as below:

8.3.2.1 **VAT & CST INCENTIVES:**

Exemption from Stamp Duty, Electricity Duty, Property Tax and the period of eligibility of the incentives is given in the Table below:

Table: Quantum VAT/CST of incentives

***Categorization based on Investment Slab**	**Category-1**	**Category-2**	**Category-3**	**Category-4**
	#FCI Rs.10 cr to Rs.25 cr.	**FCI above Rs.25 cr to to Rs.50 cr**	**FCI above Rs.50cr to Rs.100 cr**	**FCI above Rs.100 cr**
VAT/CST	40%	50%	60%	75%
Stamp Duty exemption	50%	50%	100%	100%
Electricity Duty exemption	100%	100%	100%	100%
Property Tax exemption	100%	100%	100%	100%
Eligibility Period in Years	5	7	8	10

#Units, which have obtained a term loan from Financial Institution/Bank.

*The incentive shall be available during the eligible period from the date of approval of the unit.

8.3.2.2 **ELECTRICITY DUTY:**

(a) Exemption from payment of Electricity duty on power, including captive power consumed by the same unit or exported to PSPCL shall be available to new units, with the proviso that any contributions made out of the electricity duty levied, such as those deposited in the Social Security Fund, shall not be exempted.

(b) This incentive shall be available during the eligible period from the date of approval of the Unit.

(c) This incentive shall commence only after the date of operation.

(d) Electricity Duty exemption is not available on captive power exported to entities other than PSPCL.

8.3.2.3 **STAMP DUTY :**

(a) Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted.

(b) This exemption shall be available for real estate purchased/leased within a period of 3 years from Date of Approval.

(c) Refund of Stamp duty shall be allowed for all real estate which has been purchased/leased upto 3 years prior to the date of submission of application form, by the same entity. The refund, however, will be given only after the date of operation.

8.3.2.4 **PROPERTY TAX :**

(a) Exemption from payment of Property Tax shall be available during the eligible period of availing incentives.

(b) Projects whose real estate subsequently falls on extension of limits in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of Property Tax during the balance Eligible Period of availing incentives.

(c) This incentive shall commence only after the date of operation.

8.3.2.5 **GENERAL CONDITIONS:**

a) The maximum limit of the sum of all incentives (VAT, CST, Electricity Duty, Stamp Duty, Property Tax, Market Fee, Rural Development Cess, Infrastructure Development Cess etc.) as provided in this Policy that can be availed under this Notification, shall not exceed 100% of Fixed Capital Investment (FCI).

b) The proponent shall submit an application, in the prescribed format for appointment of these incentives. Further, the Eligibility Letter issued on approval of the Project, shall contain full details with regard to the apportionment of such incentives.

c) A sum equal to 1% of the Fixed Capital Investment (FCI) shall be contributed into the Punjab State Cancer & Drug Addiction Treatment Infrastructure Fund Act, 2013. Such contribution shall be made in the relevant head by the proponent before issue of the Eligibility Letter.

d) The incentives available under this Notification shall be effective from 1st April, 2013.

8.3.3 **Water Supply Charges** :
For all Tourist Units, Water Supply Charges will be paid as per industrial rates.

8.3.4 **<u>SPECIAL TOURISM & ECO-TOURISM UNITS</u>** :

Water supply will be charged at **domestic rates** as per guidelines of the schemes issued by Department of Tourism and electricity charges at domestic rates provided they are not liable to pay Service Tax as per Memo No.3/15/2012/as4/38143/1 dated 4.4.2013 of Power Department, Punjab.

8.3.5 **<u>GREEN HOTELS</u> :**

These units will avail 5% extra VAT/CST incentives in addition to the benefits admissible under different slab categories of investment, but not exceeding maximum available incentives under category 4 (above Rs.100 crores investment).

8.3.6 **<u>HERITAGE HOTELS</u> :**

Private Heritage Properties will be allowed to convert themselves into Heritage Hotels. Heritage status will be assigned to structures built before 1950 and having Heritage Architecture. Heritage status will be certified by a Committee constituted by the Department of Tourism, Punjab. These Units will be given the following additional incentive:-

Change of Land Use - CLU/Conversion Charges will not be levied.

8.3.7 All matters of interpretation under this Chapter of the Policy – “Incentives for Tourism Sector” will be referred to the Punjab Govt. (Tourism Department) whose decision shall be final.

CHAPTER - 9

INCENTIVES FOR HEALTH SECTOR

9.0 Background

In Punjab public healthcare spending and infrastructure is currently well short of what is required to fulfill its ambition of achieving universal health care. The State Government intends to seek involvement of private sector in providing desired healthcare facilities to our citizens. In the recent past, the State Government has successfully operationalized Super Specialty Cancer and Trauma hospital at Mohali and Super Specialty Cancer and Cardiac hospital at Bathinda under Public Private Partnership (PPP) mode, further the State Government is setting up of high-end Diagnostic Centres in all districts that too under PPP mode. Innovative insurance schemes such as the Bhagat Puran Singh Sehat Bima Yojana will boost private health care investments. Private sector in health care is desired in all the fields – medical education and training, medical technology and diagnostics, research, hospital constructions and ancillary services and finally, the provision of medical services. The State intended to attract private health care providers in the State by offering incentives.

9.1 Definition of new Health Sector Project

Hospitals, Poly-clinics, Diagnostic Centres, Hospitals attached with the Medical Colleges and Medical Research Institutes.

9.2 Applicability

All incentives will be admissible to those new health projects including Public Private Partnership Projects (excluding government projects), which are registered with the Department of Health and Family Welfare. The State has been divided into the following zones –

Zone – 1	**Zone -2**
(i) Districts of Sangrur, Barnala, Mansa, Faridkot, Muktsar, Ferozepur, Fazilka, Gurdaspur andTarn Taran. (ii) Districts of Bathinda (outside Municipal Limits of Bathinda City) and Pathankot (outside M.C. Limits of Pathankot City).	(i) Districts of Fatehgarh Sahib, Hoshiarpur, Moga, Nawanshahar and Ropar (ii) Districts of Patiala (outside Municipal Limits of Patiala City), Ludhiana (outside Municipal Limits of Ludhiana City), SAS Nagar (outside Municipal Limits of SAS Nagar City), Amritsar(outside Municipal Limits of Amritsar City), Jalandhar (outside Municipal Limits of Jalandhar City) and Kapurthala (outside Municipal Limits of Phagwara City), Pathankot City and Bathinda City
Note: No incentive will be available for investment in Amritsar City, Jalandhar City, Mohali City, Patiala City and Phagwara City.	

9.2.1 **Slabs of Investments (amount in Crore of Rs.)**

Investment Category	Category–1	Category-2	Category-3
Zone – 1	5 and upto 10	More than 10 and upto 50	More than 50
Zone – 2	25 and upto 50	More than 50 and upto 100	More than 100

9.3 VAT and CST Incentives

9.3.1 VAT & CST incentive shall be available to new projects as per following details

Investment Category	Category – 1	Category – 2	Category – 3
Zone – 1	45%	60%	75%
Zone – 2	40%	50%	60%

9.3.2 The incentive shall be available for the period as mentioned below -

Investment Category	Category – 1	Category – 2	Category – 3
Zone – 1	6 years	8 years	10 years
Zone – 2	6 years	7 years	7 years

9.4 Stamp Duty Incentive:

9.4.1 Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with DoH&FW, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act or other contributions under any other Act shall not be exempted. The exemption of Stamp Duty will be as per following details –

Investment Category	Category – 1	Category – 2	Category – 3
Zone – 1	100%	100%	100%
Zone – 2	50%	50%	50%

9.4.2 This exemption shall be available for real estate purchased/leased within a period of 3 years from date of approval.

9.4.3 Refund of Stamp duty shall be allowed for all real estate which has been purchased/leased upto 3 years prior to the date of submission of application form, by the same entity. The refund, however, will be given only after the date of operation.

9.4.4 The quantum of land shall be determined as per the project report appraised by the Financial Institution/Bank/State Government or its agencies involved in PPP project investments.

9.5 Electricity Duty Incentive:

9.5.1 Exemption from payment of Electricity Duty on Power, including Captive Power consumed by the same project or exported to PSPCL, shall be available to new projects, with the proviso that any contributions made out of the Electricity Duty levied, such as those deposited in the Social Security Fund or State Cancer and Drug Addiction Treatment Infrastructure Fund shall not be exempted. The exemption of Electricity Duty Incentive will be as per following details -

Investment Category	Category – 1	Category – 2	Category – 3
Zone – 1	100%	100%	100%
Zone – 2	50%	50%	50%

9.5.2 The incentive shall be available for the period as mentioned below –

Investment Category	Category – 1	Category – 2	Category – 3
Zone – 1	6 years	8 years	10 years
Zone – 2	6 years	7 years	8 years

9.5.3 This incentive shall commence only after the date of operation. However, eligibility period shall commence from date of approval.

9.5.4 Electricity Duty exemption is not available on Captive Power exported to entities other than PSPCL.

9.6 Property Tax Incentive:

9.6.1 Exemption from payment of Property Tax shall be available as per following details -

Investment Category	Category – 1	Category – 2	Category – 3
Zone – 1	100%	100%	100%
Zone – 2	50%	50%	50%

9.6.2 Projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of Property Tax during the balance Eligible Period of availing incentives, as mentioned above.

9.6.3 This incentive shall commence only after the date of commencement of operations.

9.7 Change of Land Use:

No CLU charges for hospitals and Medical Colleges (including hospitals attached with Medical Colleges).

9.8 General Provisions:

9.8.1 These incentives shall be applicable to new Projects including the projects setup under Public Private Partnership (excluding government projects), Units only.

9.8.2 The new project unit has to be set up at a new site. An existing enterprise which sets up a new unit shall be considered for incentives only if the new unit is located at an independent and distinctly separate site.

9.8.3 Fixed Capital Investment (FCI) shall mean the investment incurred on building, plant & machinery and equipment.

9.8.4 Fixed Capital Investment (FCI) for grant of incentive will be based on the unit investment and not as a chain of units.

9.8.5 The quantum of Fixed Capital Investment (FCI) shall be determined from the Date of submission of application to the concerned Nodal Agency. Thus, any investment made prior to the date of submission of application shall not be included as eligible FCI for the purpose of determining eligibility for incentives.

9.8.6 The availment of incentives will cease either on the exhaustion of the applicable quantum or on the completion of the Eligible Period, whichever is earlier.

9.8.7 The Maximum limit of the sum of all incentives (VAT, CST, Electricity Duty, Stamp Duty, Property Tax and CLU charges etc.) as provided in this Policy that can be availed under this notification shall not exceed 100% of Fixed Capital Investment (FCI).

9.8.8 The State Government may provide higher incentives or any other incentives to specific projects, as it may deem fit. Such cases shall be decided by the Empowered Committee.

9.8.9 The actual Fixed Capital Investment as well as FCI reflected in the Financial Institution / Bank Appraised Project Report shall have to be certified by a Chartered Accountant.

9.8.10 A sum equal to 1% of the Fixed Capital Investment (FCI) shall be contributed into the Punjab State Cancer & Drug Addiction Treatment Infrastructure Fund, constituted under Section-4 of the Punjab State Cancer & Drug Addiction Treatment Infrastructure Fund Act, 2013. Such contribution shall be made in the relevant head by the proponent before the issue of Eligibility Letter. All eligible periods of incentives shall begin with date of approval of project, irrespective of date of commencement of operations.

9.8.11 All matters of interpretation under this Chapter of the Policy – “Incentives for Health Sector” will be referred to the Punjab Govt. (Health & Family Welfare Department) whose decision shall be final.

KARAN A SINGH
Principal Secretary to Government, Punjab,
Department of Industries & Commerce

Annexure - I

Negative List of Industries / Sectors which shall not be eligible for incentives under this Policy

1. Distilleries and Breweries and Bottling and Canning Plants.
2. Tobacco, Cigarettes and Gutka Manufacturing.
3. Brick Kilns.
4. Manufacturing of Cement.
5. Vanaspati Ghee Mills.
6. Rice Shellers (With Fixed Capital Investment of less than Rs. 10 Crore).
7. Refining of petroleum products.
8. Iron and Steel Furnaces and Rolling Mills.

Annexure - II

The categories of Electronic Hardware industry which are covered under the policy

(A)	**Electronics Products including Nano-Electronics Products and Telecom Products**
1	Telecom products including Optical Fiber Equipment; Terrestrial Communication Equipment; Satellite Communication Equipment; IP based new generation soft- switches/routers including L2 and L3 switches, data networking equipment - copper / optical - consumer and carrier grades, for public and private networks; Transport systems - DWDM, SDH, PON, Cross-connects, RF over optical fibre, Carrier Ethernet, Packet Optical Transport Platform (P-OTP); Wireless technology - GSM (2G & 2.5G), CDMA, 3G, LTE & LTE Advance, Wi-Fi, WiMAX&WiMAX Advance; Microwave Radio systems 2-70 GHz, Software defined radio, Cognitive radio, Distributed antenna systems; Equipment related to security and surveillance, processing of speech, data, image, video; Customer Premises Equipment (CPE) - PBX systems, eadends, 3G Routers, VoIP gateways, Residential gateways, Access points, Routers, Broadband CPEs, Mobile phones / Mobile handsets / Smart Mobile phones, Set-top boxes, HModems, dongles, data card; Short Range Devices (SRD), Sensors; VSAT based systems - Broadband, Disaster management; Non-conventional energy sources, portable mechanical chargers for handsets, computers; NMS / OSS / BSS systems for all above - SNMP / Openview / CORBA; Customer care & Billing systems; Electronics products for energy management, Advanced storage batteries such as Li-Ion, Video Conferencing Equipment etc.
2	IT Hardware products including computers, (laptops, tablets, desktops etc.) servers, peripherals like printers, faxes, storage devices monitors, etc.
3	Consumer Electronics like Televisions, Digital Cameras, Camcorders etc
4	Health and Medical Electronics
5	Strategic electronics
6	Solar Photo Voltaic including thin film, polysilicon etc.
7	Light Emitting Diodes (LEDs)
8	Liquid Crystal Displays (LCDs)
9	Avionics
10	Industrial Electronic products including measuring and control equipment, energy meters etc.
11	Nano electronic products
12	e-waste processing/ recycling
13	Automotive Electronics like Anti-lock braking system, Electronic Brake Distribution, Traction Control, etc.
14	Agri-electronics
15	Energy conservation electronics
16	Opto-electronics
17	Bio-metric and identity devices/ RFID
18	Power supplies for ESDM products
(B)	**Intermediates:**
1	Nano-electronic components

2	Semiconductor wafering
3	Semiconductor chips including logic, memory and analog
4	All Assembly, Testing, Marking and Packaging of ESDM Units
5	Chip components
6	Discrete Semiconductors like Transistors, Diodes
7	Power semiconductors (including diffusion) like FETs, MOSFETs, SCRs, GTDs, IGBT etc.
8	Electromechanical Components and Mechanical Parts such as Multilayer PCBs, Transformers, Coils, Connectors, Switches, Ferrites, Micro Motors, StepperMotors, Films etc
9	Consumables and Accessories such as Mobile Phones and IT accessories - Batteries, Chargers etc., PCBs, Foils, Tapes, Epoxy, Cabinets etc.
10	All Fabrication Manufacturing facilities (Fabs) for ESDM products
	Note: Any intermediates not covered above shall be decided and permitted under the scheme by the Competent Authority
(C)	**Electronics Manufacturing Services (EMS)**
1	**Electronic Manufacturing Services (EMS)** **Note :-** Electronic Manufacturing Services (EMS) would mean, units engaged in providing services related to manufacture of sub-assemblies and parts including integration services to the Original Equipment Manufacturers (OEMs). However, EMS shall not encompass production of final products under their own brand name

Annexure-III

Rationalisation of Taxes and Fees on Agro and Food processing Sector

1. Mandi Fee, Rural Development Fee & Infrastructure Development Fee benefits:
   Units will be exempted from payment of mandi fee, rural development fee and infrastructure development fee on basmati, maize, wheat and fruits & vegetables purchased & processed within the State.
2. Purchase tax on wheat purchased & processed within the State of Punjab will be brought down to 3% both for the existing as well as the new units.
3. Purchase tax on milk purchased & processed within the State of Punjab will be brought down to 3% both for the existing as well as the new units.
4. No VAT will be charged on branded atta/suji/maida/dalia manufactured by units purchasing wheat from within the State.
5. Preservation of Horticulture / Milk / Meat (Frozen raw meat, chicken and fish):
   No VAT will be chargeable for preserving the food products purely for enhancing the shelf life of these products by processing units except when the functionality or nature of product is changed by additives or curing processes.
6. Modernization of Agriculture:
   No VAT/Entry tax will be charged on farm equipment.

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