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**La Gazette de L'État de Poudouchéry**  
**The Gazette of Puducherry**

**PART - II**

<b>சிறப்பு வெளியீடு</b>	<b>EXTRAORDINAIRE</b>	<b>EXTRAORDINARY</b>
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GOVERNMENT OF PUDUCHERRY

CHIEF SECRETARIAT

DEPARTMENT OF INDUSTRIAL DEVELOPMENT  
(INDUSTRIES AND COMMERCE)

(G. O. Ms. No. 2/2012-Ind-A. dated 7th May 2012)

NOTIFICATION

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

And whereas, up to 10th Five Year Plan, the schemes *viz.*, (i) Motivation of Scheduled caste/Scheduled tribe/Women Entrepreneurs to start industries; (ii) The Scheme for Accelerating the Growth of IT Industries (SAGII) in Puducherry; and (iii) The Pondicherry Capital Investment Subsidy Scheme for Thrust Area Industries 2003, were implemented as separate schemes;

And whereas, during the 11th Five Year Plan, in the Annual Plan 2007-08, abovesaid incentive schemes were amalgamated under single scheme as "Motivation of Entrepreneurs to Start Industries and Fiscal Assistance to Industries " and funds were provided under single head of account. And therefore, there arose a need to issue of a fresh Government Order amalgamating all the existing schemes;

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

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

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

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

(iii) It shall come into force at once.

2. *Definitions.*—

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

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

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

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

3. *Subsidies.*—

I. **CAPITAL INVESTMENT SUBSIDY :**

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

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

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

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

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

(iii) **Thrust area industries :**

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

(i) Electronic industries

(ii) Bio-technology industries

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

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

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

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

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

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

(v) **Physically handicapped persons/Ex-servicemen :**

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

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

**II. RENT SUBSIDY :**

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

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

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

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

(c) The rent subsidy will be settled annually.

**III. INTEREST SUBSIDY :**

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

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

(c) The financial institution shall mean and include PIPDIC, or any other Government Corporation, Scheduled Banks including Co-operative Banks and Government sponsored Co-operative Societies.

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

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

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

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

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

**IV. INFRASTRUCTURE SUBSIDY :**

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

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

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

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

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

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

**V. GENERATOR SUBSIDY :**

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

**VI. EMPLOYMENT INCENTIVE :**

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

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

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

**4. Procedure for claiming subsidy :**

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

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

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

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

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



- (7) Head of Bio-technology Department, . . Member  
Pondicherry University.
- (8) The Director of Industries and . . Member-  
Commerce, Puducherry. Secretary.

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

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

#### 5. General conditions :

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

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

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

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

- (i) Working capital
- (ii) Commissioning fee
- (iii) Goodwill fees
- (iv) Royalty
- (v) Preliminary and pre-operative expenses.
- (vi) Capitalised interest
- (vii) Technical know-how fees
- (viii) Transportation and erection charges
- (ix) Goods vehicles
- (x) Office equipment, furniture, grates, pallets and consumable stores, etc.

(xi) Rice mills (Excluded from the grant of capital investment subsidy as similar schemes, viz., Technology Upgradation/ Establishment/ Modernization of Food Processing Industries, implemented by the Ministry of Food Processing, Government of India). The applications received from the rice mills on or after the date of issue of this Government Order are not eligible for subsidy.

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

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

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

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

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

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

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

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

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

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

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

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

(By order of the Lieutenant-Governor)

**P. RAJALAKSHMI,**

Under Secretary to Government (Ind. & Com.).

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