

PUBLIC RECORD

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Dispersal of Industries
Package Scheme of Incentives
Revision of—

GOVERNMENT OF MAHARASHTRA
INDUSTRIES, ENERGY AND LABOUR DEPARTMENT
Resolution No. IDL-1088/(6603)/IND-8

Mantralaya, Bombay 400 032, dated the 30th September, 1988.

- Read*—Government Resolution, Industries and Labour Department,
No. IDL-7064/IND-I, dated the 25th September, 1964.
Government Resolution, Industries and Labour Department,
No. IDL-7069/IND-I, dated the 2nd April, 1969.
Government Resolution, Industries and Labour Department,
No. IDL-7069/IND-I, dated the 10th March, 1970.
Government Resolution, Industries and Labour Department,
No. IDL-7073/34605/IND-I(B), dated the 23rd October, 1973.
Government Resolution, Industries, Energy and Labour Department,
No. IDL-7076/6212/(5)/IND-8, dated the 18th January, 1977.
Government Resolution, Industries, Energy and Labour Department,
No. IDL-7076/48287/(295)/IND-8, dated the 17th September,
1977.
Government Resolution, Industries, Energy and Labour Department,
No. IDL-7079/81133/(1925)/IND-8, dated the 18th October,
1979.
Government Resolution, Industries, Energy and Labour Department,
No. IDL-7079/(2043)/IND-8, dated the 5th January, 1980.
Government Resolution, Industries, Energy and Labour Department,
No. IDL-7079/95227/(2540)/IND-8, dated the 11th August,
1980.
Government Resolution, Industries, Energy and Labour Department,
No. IDL-7082/(3559)/IND-8, dated the 5th July, 1982.
Government Resolution, Industries, Energy and Labour Department,
No. IDL-1082/(4096)/IND-8, dated the 31st March 1983.
Government Resolution, Industries, Energy and Labour Department,
No. IDL-1082/(4077)/IND-8, dated the 4th May, 1983.
Government Resolution, Industries, Energy and Labour Department,
No. IDL-1088/(6612)/IND-8, dated the 25th March, 1988.
Government Resolution, Industries, Energy and Labour Department,
No. IDL-1087/(6245)/IND-8, dated the 21st July, 1988.

Group 'D'—comprising the least developed areas of the State not covered under Group 'A', Group 'B', or Group 'C'.

No Industry District—as notified by the Government of India. For the purpose of classification, Taluka should be taken as a unit.

The detailed classification of the areas of the State made accordingly has been indicated in the *Annexure-4* to this Resolution.

1.4. Coverage under the 1988 Scheme—

(a) The coverage under the 1988 Scheme shall be as broadly detailed in the *Annexure-II* to this Resolution.

(b) Incentives under the 1988 Scheme will be available to eligible units in the Private Sector, State Public Sector/Joint Sector, and the Co-operative Sector.

(c) Eligible units under the State Public Sector/Joint Sector will be entitled to incentives only under Part I of the 1988 Scheme and not Part II.

(d) Central Public Sector Undertakings will not be considered eligible for incentives under the 1988 Scheme.

2. Definitions

2.1. *Date of effect of eligibility under Part I*—(i) The Eligibility Certificate under Part I of the 1988 Scheme will be issued by the Implementing Agency after commencement of commercial production as may be determined by it, based on the totality of the documentary evidence led by the Eligible Unit in this behalf, as also such other information, details, etc. required/called for in connection therewith such as the date of power connection, electricity consumption bills over a period, first sale bill, excise licence, extract of excise register or of production register, etc.

(ii) If an Eligible Unit establishes that determination of the date of commercial production by the Implementing Agency as above is patently unfair to it, the Implementing Agency may redetermine the date of Effect of Eligibility from the date as claimed by the Eligible Unit or from the date on which the Eligible Unit reaches a level of production capacity of 5 per cent of the installed capacity, whichever is earlier.

(iii) The decision of the Implementing Agency subject to such directions as Government may issue from time to time in this regard, will be final and binding on the Eligible Unit.

(iv) The Commissioner of Sales Tax will issue a Certificate of Entitlement on the basis of the Eligibility Certificate issued by the Implementing Agency. The Eligibility Certificate will be effective from the date specified in the Certificate of Entitlement.

2.2. *Earlier Schemes*.—Earlier Schemes would mean the following:—

(i) The *1964 Scheme* outlined in the Government Resolution, Industries and Labour Department, No. IDL-7064/IND-8, dated the 25th September 1964.

(ii) The *1969 Scheme* outlined in the Government Resolution, Industries and Dabour Department, No. IDL-7069/IND-I, dated the 2nd April, 1969.

(iii) The 1973 Scheme outlined in the Government Resolution, Industries and Labour Department, No. IDL-7073/34605/IND-1(B), dated the 23rd October, 1973.

(iv) The 1976 Scheme outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-7076/6212/(5)/IND-8, dated the 18th January 1977.

(v) The Special Capital Incentive Scheme outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-7076/48287/(295)/IND-8, dated the 17th September 1977.

(vi) The 1979 Scheme outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-7079/(2043)/IND-8, dated the 5th January, 1980, read with the Government Resolution, Industries, Energy and Labour Department, No. IDL-7082/(3559)/IND-8, dated the 5th July 1982.

(vii) The 1983 Scheme outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-1082/(4077)/IND-8, dated the 4th May, 1983, read with the Government Resolution, Industries, Energy and Labour Department, No. IDL-1088/(6612)/IND-8, dated the 25th March, 1988.

2.3. *Effective Steps.*—For the purpose of the 1988 Scheme, Effective Steps will comprise Initial Effective Steps and Final Effective Steps.

L. *The Initial Effective Steps* shall be as follows :—

(i) The unit shall be in effective possession of land. If the land is outside the Maharashtra Industrial Development Corporation Area/Government Sponsored and/or financially assisted Co-operative Industrial Estate/Mini-Industrial Estate, the permission to convert the same to non-agricultural use should have been obtained. The possession of land will be considered effective only from the date of such permission and not before.

(ii) In the case of a Partnership Firm or a Company or a Co-operative Society or a Trust, the registration of the Firm or Company or Society or Trust should have been obtained. The Initial Effective Step regarding the registration of firm should be deemed to have been completed if the Firm submits to the Implementing Agency documentary evidence in support of the execution of Partnership Deed and files application with payment of the necessary fees for registration to the Registrar of Firms.

(iii) The unit should have obtained provisional SSI Registration or Letter of Intent from the Government of India and/or permission from the State Government for setting up/shifting of the unit, if such permission is required to be obtained. In the case of the unit covered by the Khadi and Village Industries Board (KVIB) programme, the unit should have obtained registration from the KVIB.

(iv) In the case of a medium/large scale unit not covered under the Licensing Provisions of the Industries (Development and Regulation) Act, 1951, the unit should have applied for Directorate General of Technical Development (DGTD) Registration/Registration

from the concerned Technical Authorities in respect of the Industries covered by the Special Regulations or from the Secretariat for Industrial Approvals (SIA).

II. The *Final Effective Steps* shall be as follows :—

(i) Industrial Licence/necessary Foreign Exchange Regulation Act (FERA), and Monopolies and Restrictive Trade Practices Act (MRTP) clearance or DGTD Registration or Registration from the concerned Technical Authorities in respect of the Industries covered under the Special Regulations or from the SIA should have been obtained.

(ii) Capital Goods (CG) clearance/Import Licence, wherever necessary, should have been obtained.

(iii) The means of finance for the project should have been completed to the satisfaction of the Implementing Agency concerned.

(iv) Other clearances, if any, from the Central/State Government and/or other Authorities concerned for implementing the project, should have been obtained.

(v) The unit should have acquired at site Fixed Assets to the extent of at least 10 per cent of the total Fixed Assets as envisaged for the project.

(vi) The unit should have incurred expenditure on the project including advances paid and pre-operative expenses to the extent of at least 25 per cent of the capital cost envisaged for the project.

EXPLANATION

(i) For the purposes of incentives under Part I as well as Part II to a Pioneer Unit, where the project is proposed to be implemented in suitable phases and the first phase of the project itself involves Gross Fixed Capital Investment exceeding Rs. 5 crores, the Final Effective Steps will be deemed to have been completed if the Final Effective Steps for the first phase of the project are completed to the satisfaction of the Implementing Agency.

(ii) Based on the documentary evidence led by the Eligible Unit in this regard, the Implementing Agency shall determine the date on which all the Effective Steps, both Initial and Final, are completed. The decision of the Implementing Agency, subject to such directions as the Government may issue from time to time in this regard shall be final and binding.

2.4. *Existing Unit*.—An 'Existing Unit' means an industrial unit set-up by any entity in the Private Sector, Co-operative Sector or State Public Sector/Joint Sector in any Taluka, which satisfies any one of the following conditions, namely :—

(a) The unit is in production on or any time prior to September 30, 1988, for any period whatsoever;

(b) The unit is granted a Letter of Intent/Eligibility Certificate or the unit has availed of any incentives under any of the earlier Schemes;

(c) The unit has filed valid application for grant of Eligibility Certificate under the 1983 Scheme with any of the Implementing Agencies on or before September 30, 1988, after completion of all the Initial Effective Steps.

EXPLANATION

An entity in Private Sector, Co-operative Sector or State Public Sector/ Joint Sector setting up an additional unit or undertaking expansion/diversification in the Taluka, where there is already an Existing Unit, such an additional unit set-up will also be considered an existing unit even though it is set-up on or after October 1, 1988.

2.5: *Expansion/Diversification*.—An Existing/New Unit in any of the areas covered under Group 'B', Group 'C', Group 'D', or No Industry District which creates on or after October 1, 1988, additional Fixed Capital Investment for additional production/manufacturing facilities for manufacture of the same product/products as of the Existing/New Unit (Expansion) or different products (Diversification) in the same Taluka where the Existing/New Unit is located, will be considered eligible for incentives under the 1988 Scheme as an Expansion/Diversification only if it satisfies the following conditions, namely :—

(a) Such Expansion/Diversification should provide for additional Fixed Capital Investment by Medium Scale Industrial (MSI) Unit/Large Scale Industrial (LSI) unit exceeding Rs. 1 crore or by Small Scale Industrial (SSI) unit exceeding Rs. 25 lacs by way of additions to the production/manufacturing facilities ;

(b) the said additional Fixed Capital Investment should exceed 25 per cent of the Gross Fixed Capital Investment of the Existing/New Unit immediately prior to setting up of the additional production facilities ;

(c) in the case of Expansion or Expansion-cum-Diversification but not mere Diversification "per se", the said additional Fixed Capital Investment should result in increase of existing installed capacity by at least 25 per cent ; and

(d) such Expansion/Diversification should increase the employment in the non-supervisory category at least to the extent of 10 per cent of the pre-expansion/diversification level of such employment and 80 per cent of such additional employment should be out of local population.

EXPLANATION

An Existing Unit in Zone I and/or Zone II of the Bombay Metropolitan Region shifted on or after October 1, 1988, to any of the areas covered under Group 'B', Group 'C', Group 'D' or No Industry District will be considered eligible by way of Expansion/Diversification if all the other conditions referred to in para 2.5 above are satisfied.

2.6. *Export Oriented Units*.—Where the Eligible Unit is set up for manufacture of goods, with an obligation to export not less than 50 per cent of the annual output, it will be considered as an Export Oriented Unit.

2.7. *Fixed Assets*.—The term 'Fixed Assets' covers all the assets of the Eligible Unit as erected at site and includes—

(a) *Land* ;

(b) *Building*—any built-up area used for the Eligible Unit including administrative building, residential quarters, industrial housing and all

such facilities provided in the building as are required for the manufacturing processes;

(c) *Plant and Machinery*—Tools and equipments including handling and haulage equipment or tools as are necessarily required and exclusively used for sustaining the working of the Eligible Unit;

(d) *The Cost of development*—of the environment of the location of the Eligible Unit, such as fencing, construction of roads and other infrastructural facilities which the Eligible Unit, has to incur under the project;

(e) *Installation charges and pre-operative expenses* capitalised;

(f) *Technical know-how* including the cost of drawings, know-how and the fees.

2.8. *Gross Fixed Capital Investment*—(1) *Gross Fixed Capital Investment* means—

(a) In the case of new Fixed Assets, the value of new Fixed Assets acquired at site and paid for.

(b) In the case of shifting of Fixed Assets from Zone I and/or Zone II of the Bombay Metropolitan Region, the Gross Fixed Capital Investment will be computed at the depreciated value of Fixed Assets on the date of shifting, on the basis of the method of depreciation adopted by the unit during the immediate preceding three years or during such shorter period during which the unit has been in existence. The actual expenditure incurred on the dismantling, transport, insurance and re-erection which is allowed to be and is capitalised under the Indian Income Tax Act, will also be considered as part of the Gross Fixed Capital Investment.

(c) (i) In the case of acquisition of second-hand Fixed Assets, the value for which these are acquired or the value thereof as certified by the approved valuer, whichever is less. The approved valuer should also certify the life of the second-hand Fixed Assets. For the purpose of incentives, only such second-hand Fixed Assets which have a life of over 10 years as certified by the valuer will be considered.

(ii) In the case of SSI units, where the total value of second-hand Fixed Assets during the entire period of eligibility does not exceed Rs. 25,000, either purchased in one lot or otherwise, the second-hand Fixed Assets need not be got valued by an approved valuer.

(iii) In the case of MSI/LSI Units, where the total value of second-hand Fixed Assets during the entire period of eligibility does not exceed Rs. 1 lac, either purchased in one lot or otherwise, the second-hand Fixed Assets need not be got valued.

(iv) Where the second-hand Fixed Assets are purchased in lots at different points of time during the period of eligibility, such assets (excluding the assets acquired earlier upto the value of Rs. 25,000 or Rs. 1 lac, as the case may be) will have to be got valued as and when the total value of the second-hand Fixed Assets exceed the limit of Rs. 25,000 for SSI and Rs. 1 lac for MSI/LSI.

(d) In the case of shifting of existing Fixed Assets from any place outside Maharashtra, subject to fulfilment of conditions detailed there-

under, the Gross Fixed Capital Investment will be computed at the depreciated value of Fixed Assets on the date of shifting on the basis of the method of depreciation adopted by the unit during the immediate preceding three years or during such shorter period during which the unit has been in existence. The actual expenditure incurred on dismantling, transport, insurance and re-erection which is allowed to be and is capitalised under the Indian Income Tax Act will also be considered as part of Gross Fixed Capital Investment.

Conditions.—(i) The unit is eligible under Part I and the Fixed Assets shifted form a part of the project for which eligibility is considered.

(ii) The Fixed Assets shifted have a life of over 10 years from the date of shifting.

For avoidance of doubt, it is hereby clarified that the provisions contained in the clause (d) above will not be applicable to the unit claiming eligibility under Part II of the 1988 Scheme. Secondly, Fixed Assets shifted from any place within Maharashtra other than the areas covered under the Zone I or Zone II of the Bombay Metropolitan Region, will not be covered under the 1988 Scheme for the purpose of computation of Gross Fixed Capital Investment.

(II) Fixed Assets acquired by an Eligible Unit and forming part of the Gross Fixed Capital Investment cannot be disposed of or sold or written off except with the prior written permission of the Implementing Agency. Such permission should be applied for by the Eligible Unit at least one month prior to the contemplated disposal/sale/writing off of the Fixed Assets. The Implementing Agency may ordinarily grant such permission if it is satisfied that the overall production capacity of the Eligible Unit will not thereby suffer and that the Eligible Unit has definite plans/proposals for replacement of the Fixed Assets being disposed of/sold/written off either by similar Fixed Assets or by Fixed Assets with better output/higher production capacity with or without change in the product/s.

(III) Subject to the provisions of paras (I) and (II) above, the Gross Fixed Capital Investment at the end of each year will be computed as follows :—

Gross Fixed Capital Investment at the beginning of the year, plus additions, if any, made to the Gross Fixed Capital Investment during the year, less the original value to the Eligible Unit of any Fixed Assets disposed of/sold/written off during the year.

(IV) In the event of the admissible Fixed Capital Investment as endorsed in the Eligibility Certificate is reduced consequential to disposal/replacement of the Fixed Capital Investment, the ceiling as endorsed in the Eligibility Certificate shall proportionately be reduced and in the event of the Eligible Unit having exceeded the revised ceiling as a result of disposal/replacement, the benefits availed in excess of such revised ceiling shall stand recoverable/refundable with interest forthwith.

(V) Any increase in the Fixed Capital Investment consequential to replacement of any of the Fixed Capital Investment earlier considered under the Eligibility Certificate shall not entitle the Eligible Unit to have the ceiling for incentives revised upward *pro rata* except under the Expansion/Diversification as may be permissible under the 1988 Scheme.

2.9. *Local Sales Tax Law*.—Local Sales Tax Law means the Bombay Sales Tax Act, 1959, as modified from time to time, the Rules made thereunder as modified from time to time and the Notifications issued thereunder from time to time.

2.10. *New Unit*.—New Unit means an industrial unit which is set up for the first time by an entity in the Private Sector, Co-operative Sector or State Public Sector/Joint Sector in any Taluka where there is no Existing Unit set up by the said entity provided that the unit satisfies the following further conditions :—

(a) At least one of the Final Effective Steps is completed on or after October 1, 1988 for setting up the Unit;

(b) It is not an Existing Unit;

(c) It is not formed as a result of re-establishment, mere change of ownership, change in the constitution, reconstruction or revival of an Existing Unit.

EXPLANATION

(I) An Existing Unit in Zone I and/or Zone II of the Bombay Metropolitan Region shifted on or after October 1, 1988 to any of the areas under Group 'B', Group 'C', Group 'D' or No Industry District, will be considered as a New Unit, if all the other conditions referred to above are satisfied.

(II) The benefits as for a New Unit under the 1988 Scheme, would also be available to units which get established as a result of purchase of assets of Existing/Defunct/Closed/Sick Units subject to and to the extent as mentioned in the guidelines detailed in the *Annexure III* to this Resolution.

2.11. *Notional Sales Tax Liability*.—

(a) Sales Tax/purchase tax/additional tax that would have been payable by the Eligible Unit on the purchases of raw materials and sales tax/turnover tax/additional tax that would have been payable by the Eligible Unit on the sales of finished products/by-products/scrap goods of the Eligible Unit under the Local Sales Tax Law but for an exemption under the 1988 Scheme and computed at the maximum rates of tax specified under the Local Sales Tax Law as applicable from time to time.

For the purpose of the above clause, sales made on consignment basis within the State of Maharashtra or branch transfers within the State of Maharashtra shall also be deemed to be sales made within the State exigible to tax.

AND

(b) Tax payable under the Central Sales Tax Act, 1956 on the sales of finished products/by-products/scrap goods of the Eligible Unit made in the course of inter-state trade or commerce computed at the rate of tax applicable to such sales as if these were made against certificates in Form "C" on the basis that the sales are exigible to tax under the said Act.

For the purpose of the above clause, branch transfer/transfers on consignments outside the State of Maharashtra shall be deemed to be sales in the course of inter-state trade or commerce.

2.12. *Period of Eligibility (under Part II).*—The period of eligibility in regard to an Eligible Unit under Part I will be a period of 5 years, 7 years, 9 years, 10 years or 14 years, as the case may be, depending on the nature and location of the Eligible Unit, during which the Sales Tax Incentive would be available to the Eligible Unit subject to fulfilment of the conditions of the 1988 Scheme. This period will be computed from the date of effect of the Eligibility Certificate.

2.13. *Period of Monitoring and Review under the 1988 Scheme.*—There shall be undertaken every year a review of all the Eligible Units covered under the 1988 Scheme and the same shall ordinarily be undertaken within a period of six months from the close of the year.

In respect of the Eligible Units under Part I of the 1988 Scheme the review will be undertaken in order to ensure that the benefits availed of/drawn by the Eligible Units are within the respective ceilings specified in para 5.2 and relate to the product/s and capacity/ies eligible, so as to decide continuance or discontinuance of sales tax incentive either in the form of sales tax exemption or sales tax deferral or interest free sales tax loan.

The review shall also be undertaken in respect of all the Eligible Units, both under Part I and under Part II of the 1988 Scheme, in order to ensure that the Eligible units for which incentives have been availed of remain in normal production during the operative period of the Agreements entered into by the Eligible Units prior to availing of the incentives as per the procedure laid down in this behalf.

2.14. *Raw Materials.*—Raw Materials will include components/intermediate goods/substances/consumable stores/packing materials which are utilised by the Eligible Unit in the process of manufacture and packing of finished products.

2.15. *Sales Tax Liability.*—The term "sales tax liability for any period" means the following :—

(i) purchase tax/additional tax payable by the Eligible Unit on the purchases of raw materials during that period and sales tax/additional tax/turnover tax payable by the Eligible Unit on the sale of finished products/by-products/scrap goods of the Eligible Unit during that period, as reduced by set-off, remission or as the case may be draw-back to which the Eligible Unit is entitled for that period under the Local Sales Tax Law.

(ii) Central Sales Tax payable by the Eligible Unit under the Central Sales Tax Act, 1956 during that period on the sales of finished products/by-products/scrap goods of the Eligible Unit made in the course of inter-state trade or commerce.

2.16. *Year.*—Year means the accounting year followed by the Eligible Unit according to which it is assessed under the Local Sales Tax Law.

2.17. *Capacity.*—The production capacity of the Eligible Unit as assessed and accepted by the concerned Financing Institution sanctioning term loan facility or by the Implementing Agency in case of self-financed units or in case of SSI where the SSI Registration does not bear such capacity, the physical output of the Eligible Unit as arrived at by the Directorate

Industries or the capacity mentioned in the project report shall be taken as the Installed Capacity for the purposes of incentives. Such installed capacity of the Eligible Unit shall be mentioned in the Eligibility Certificate to be issued by the Implementing Agency. The availment of incentives by the Eligible Unit shall be restricted to 110 per cent of the annual installed capacity so reckoned and the Eligible Unit shall not exceed availment of the capacity beyond the production of annual installed capacity. In case of doubt, the Implementing Agency shall be entitled to and fully justified in getting the annual capacity assessed and determined and the same shall be binding on the Eligible Unit.

2.18. *Finished Product*.—The item of manufacture by the Eligible Unit as considered under the project scheme approved by the concerned Financing Institution and/or by the Implementing Agency, together with by-product/ scrap, which get generated as incidental to and during the main production activity, would be considered for the purposes of incentives to the Eligible Unit.

Any change in the product-mix during the operative period of the Eligibility Certificate shall be allowed without any restriction but subject to prior written permission from the concerned Implementing Agency to be obtained at least one month in advance of such change. The actual availment of such incentives related to change in product-mix shall, however, be effective only after necessary endorsement to the Eligibility Certificate by the Implementing Agency and in the Certificate of Entitlement issued by the Commissioner of Sales-Tax in this regard.

However, the Eligible Unit shall not be entitled to additional incentives on any addition to the Fixed Capital Investment made for the purposes of such change in the product-mix, except as may be eligible for Diversification under para 2.5 above.

2.19. *Sick Unit*.—The definition of a Sick Unit as considered by the Board for Industrial and Financial Reconstruction (BIFR) shall be applicable under the 1988 Scheme. The release of incentives to an Eligible Unit which has turned sick during the eligibility period may be considered on priority only if and when a scheme for rehabilitation has been approved and implemented under the BIFR provisions.

2.20. *Power Intensive Industrial Unit*.—An Eligible Unit which consumes energy constituting 25% or more of the total cost of production, will be classified as Power Intensive Industrial Unit.

3. Pioneer Unit

3.1. A large scale New Unit set up after October 1, 1988 or large scale Fixed Capital Investment made by an Existing Unit after October 1, 1988 in Group 'C' or Group 'D' areas for which at least one Final Effective Step is taken after October 1, 1988, will be considered eligible for Pioneer Status if it satisfies any one of the following conditions, namely :—

- (i) It is a New Unit with Fixed Capital Investment exceeding Rs. 5 crores in Group 'C' area, or Rs. 2 crores in Group 'D' area, being set up as the first unit in point of time in a Taluka where there is, as on October 1, 1988 no Existing Unit with net Fixed Capital Investment of the said order namely, Rs. 5 crores in Group 'C' area or Rs. 2 crores in Group 'D' area.

Under this category only one unit in a Taluka will be considered eligible for Pioneer Status;

(ii) It is a New Unit with Fixed Capital Investment exceeding Rs. 25 crores being set up in Group 'C' or Group 'D' areas.

(iii) It is an Expansion/Diversification undertaken by the Existing/New Unit in either Group 'C' or Group 'D' area as an adjunct to the Existing/New Unit or otherwise in the same Taluka involving additional Fixed Capital Investment made thereunder after October 1, 1988 in excess of Rs. 25 crores.

Under the categories (ii) and/or (iii) above, any number of units in a Taluka will be considered eligible for Pioneer Status.

4. General Provisions

4.1. *Agencies for Implementing the Scheme.*—The State Industrial and Investment Corporation of Maharashtra Limited (SICOM) shall implement the 1988 Scheme in respect of Medium and Large Scale Industries.

4.2. The Regional Development Corporations (RDCs) shall implement the 1988 Scheme in respect of Small Scale Units coming within their respective jurisdiction, as indicated below :—

Name of the RDC	Jurisdiction (District)
(1) Development Corporation of Konkan Limited (DCK).	Raigad, Ratnagiri, Sindhudurg and Thane.
(2) Development Corporation of Vidarbha Limited (DCVL).	Akola, Amravati, Bhandara, Buldhana, Chandrapur, Gadchiroli, Nagpur, Wardha and Yavatmal.
(3) Maharashtra Development Corporation Limited (MDC).	Aurangabad, Beed, Jalna, Latur, Nanded, Osmanabad and Parbhani.
(4) Western Maharashtra Development Corporation Limited (WMDC).	Ahmadnagar, Dhule, Jalgaon, Kolhapur, Nashik, Pune, Sangli, Satara and Solapur.

EXPLANATION

(i) Where an Eligibility Certificate is issued in favour of a SSI Unit by the Regional Development Corporation concerned, the Eligible Unit will continue to remain, for the purposes of incentives and other connected matters, with that RDC even though after the grant of Eligibility Certificate the Eligible Unit ceases to be as SSI Unit.

(ii) Even in case of expansion by an Eligible SSI Unit which graduates to MSI Unit, the Eligible Unit shall continue to remain with the concerned RDC which has issued the Eligibility Certificate in favour of the SSI Unit.

4.3. (i) *Sales Tax Incentives under Part I and II—Mutually Exclusive.*—The Sales Tax Incentives under Part I and Part II of the 1988 Scheme are mutually exclusive. Where a New Unit is eligible for sales tax incentives under Part I as well as under Part II, it will be entitled to eligibility under Part I only if it has not opted for eligibility under Part II and vice versa. Thus, an unit although eligible under Part I as well as under Part II will be entitled to eligibility only under Part I or Part II and not both.

(ii) *Option for Electronic Scheme 1987 or the 1988 Scheme.*—An Eligible Unit may opt for incentives either under the Maharashtra Incentive Scheme for Electronic Industry, 1987 outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL, 1085/(5313)/IND-8, dated the 29th July, 1987 or under the 1988 Scheme.

The option once exercised shall be final and binding on the Eligible Unit and it shall not be allowed to change the option so exercised after issue of the Eligibility Certificate.

4.4. *Application for Eligibility.*—(i) The application for eligibility under the 1988 Scheme shall be filed by the Eligible Unit only after it has taken all the Initial Effective Steps and not later than September 30, 1993. Any application filed prior to the completion of the Initial Effective Steps will not be entertained by the Implementing Agency concerned. The application for eligibility should be supported by documentary evidence in regard to the completion of Effective Steps.

(ii) Application filed with the Implementing Agency on or before September 30, 1988 after completion of the Initial Effective Steps for incentives under the 1983 Scheme, but where the unit fails to complete all the Final Effective Steps latest by September 30, 1989, such an application shall be automatically considered under the 1988 Scheme. However, the incentives to such units shall be applicable at the scales which are lower of the 1983 or the 1988 Scheme.

4.5. For claiming eligibility under the 1988 Scheme, the Eligible Unit should not only file the application for eligibility but should also complete all the Final Effective Steps on or before September 30, 1994.

4.6. *Claim for Incentive.*—No right or claim for any incentives under the 1988 Scheme shall be deemed to have been conferred by the 1988 Scheme merely by virtue of the fact that the unit has fulfilled on its part the conditions of the 1988 Scheme. The incentives under the 1988 Scheme cannot be claimed unless a Letter of Intent/Eligibility Certificate has been issued under the 1988 Scheme by the Implementing Agency concerned and the Eligible Unit has complied with the stipulation/conditions of the Letter of Intent/Eligibility Certificate.

4.7. *Derecognition of Pioneer Status in Certain Cases.*—(i) In the case of computing claim/claims for the Pioneer Status where more than one Eligible Unit—more or less simultaneously—satisfy the conditions for Pioneer Status under para 3.1(i), the Government as well as the SICOM, having regard to the facts of each case, benefits accruing to the developing area, employment potential, etc., will be entitled to determine on whom the Pioneer Status be conferred or to withdraw Pioneer Status already conferred, if the Eligible Unit does not show progress in the matter of implementation of the project.

(ii) The Eligible Pioneer Unit shall ensure that the Fixed Capital Investment made within a period of three years from the date of completion of all the Effective Steps, both Initial and Final or within a period of three

years from the date of commencement of commercial production, whichever is later, exceeds the following limits :—

(a) Rs. 5 crores / Rs. 2 crores in respect of the Eligible Unit covered under para 3.1(i) depending on the location of the unit in Group 'C' or Group 'D' area, as the case may be.

OR

(b) Rs. 25 crores in respect of the unit covered under para 3.1 (ii) and/or (iii).

Failure to comply with the above conditions shall automatically result in derecognition of the Pioneer Status conferred earlier and as a consequence, the quantum of incentives admissible to such Eligible Unit shall be reduced to the level of that available to an Eligible Unit not being a Pioneer Unit in Group 'C' / Group 'D' area, as the case may be. The excess amount drawn or availed of, if any, shall be recoverable with interest forthwith.

5. Sales Tax Incentive under Part I

5.1. *Eligibility under the 1988 Scheme*—The sales tax incentive under Part I of the 1988 Scheme will be admissible to a New Unit/Pioneer Unit/Expansion/Diversification set-up in Group 'B', Group 'C', Group 'D' or No Industry District.

Subject to the provisions of para 5.5 hereunder, the sales tax incentive under Part I will be admissible to all the Eligible Units under the 1988 Scheme either by way of Exemption or by way of Deferral but not both.

(A) EXEMPTION

By way of sales tax incentive as an Exemption, the Eligible Unit under the 1988 Scheme will be entitled to exemption from payment of—

- (i) Purchase Tax/Sales Tax payable under the Bombay Sales Tax Act, 1959 on the purchases of Raw Materials;
- (ii) Sales Tax payable under the Bombay Sales Tax Act, 1959 on the sales of finished products of the Eligible Unit; and
- (iii) Central Sales Tax payable under the Central Sales Tax Act, 1956 on the sales of finished products of the Eligible Unit effected in the course of inter-State trade or commerce.
- (iv) Turnover Tax/Additional Tax payable under the Bombay Sales Tax Act, 1959.

(B) DEFERRAL

(i) An Eligible Unit under the 1988 Scheme, not covered under the provisions of para 5.5 hereunder, will be entitled to sales tax incentive by way of Deferral as follows :

Subject to the provisions of the Bombay Sales Tax Act, 1959/Bombay Sales Tax Rules, 1959/Central Sales Tax Act, 1956/Central Sales Tax (Registration and Turnover) Rules, 1957/The Central Sales Tax (Bombay) Rules, 1957 and the conditions/stipulations in the Certificate of Entitlement issued by the Commissioner of Sales Tax, the payment of the sales tax

liability as per returns to be furnished for any period covered by the Eligibility Certificate or as finally assessed thereunder will be deferred. The sales tax liability as per the returns so deferred shall be paid by the Eligible Unit after ten years/in one lumpsum or in specified instalments, subject to such conditions as may be prescribed pursuant to the provisions of the Bombay Sales Tax Act, 1959, the Bombay Sales Tax Rules, 1959 (the Central Sales Tax Act, 1956, the Central Sales Tax (Bombay) Rules, 1957, and Central Sales Tax (Registration and Turnover) Rules, 1957, as amended from time to time.

(ii) The Eligible Unit which opts for sales tax deferral under paragraph 5.1(B)(i) of the 1988 Scheme as above, will be entitled to opt and change over to the interest free loan scheme as provided under the Government Resolution, Industries, Energy and Labour Department, No. IDL-1087/ (6245)/IND-8, dated the 21st July, 1988 and such option and availment thereunder shall accordingly be governed by the provisions of the said Resolution.

5.2. (i) The quantum of sales tax incentive admissible under the 1988 Scheme either as an Exemption or as Deferral under para 5.1 or as an Interest Free Unsecured Loan under para 5.5 to Eligible Units other than those undertaking Expansion/Diversification as defined above at para 2.5, will be as per the scales and subject to ceilings as given under the following table :—

CEILINGS

	For MSI/LSI	For SSI	No. of years*
Group 'B'	60 per cent of the Fixed Capital Investment.	100 per cent of the Fixed Capital Investment.	5 years or earlier if the ceilings are reached.
Group 'C'	75 per cent of the Fixed Capital Investment.	100 per cent of the Fixed Capital Investment.	7 years or earlier if the ceilings are reached.
Group 'D'	90 per cent of the Fixed Capital Investment.	100 per cent of the Fixed Capital Investment.	9 years or earlier if the ceilings are reached.
Pioneer Unit	95 per cent of the Fixed Capital Investment.	—	10 years or earlier if the ceilings are reached.
No Industry District.	100 per cent of the Fixed Capital Investment.	100 per cent of the Fixed Capital Investment.	10 years or earlier if the ceilings are reached.

(ii) The quantum of sales tax incentive admissible under the, 1988 Scheme either as an Exemption or as Deferral under para 5.1 or as Interest Free Sales Tax Loan as provided under para 5.5 for Eligible Units under-

taking Expansion/Diversification as defined under para 2.5 above will be as per the scales and subject to ceilings as given under the following table :—

CEILINGS

	For MSI/LSI	For SSI	No. of years
Group 'B'	50 per cent of the Fixed Capital Investment.	85 per cent of the Fixed Capital Investment.	4 years or earlier if the ceilings are reached.
Group 'C'	60 per cent of the Fixed Capital Investment.	85 per cent of the Fixed Capital Investment.	6 years or earlier if the ceilings are reached.
Group 'D'	70 per cent of the Fixed Capital Investment.	85 per cent of the Fixed Capital Investment.	8 years or earlier if the ceilings are reached.
Pioneer Unit	80 per cent of the Fixed Capital Investment.	—	9 years or earlier if the ceilings are reached.
No Industry District.	85 per cent of the Fixed Capital Investment.	90 per cent of the Fixed Capital Investment.	9 years or earlier if the ceilings are reached.

5.3. (i) The Eligible Unit covered under para 5.1 above, shall exercise option to avail the admissible incentives either in the form of Exemption or Deferral before issue of the Eligibility Certificate. The option so exercised shall not be permitted to be changed except only once during the eligibility period. The effect of such change during the eligibility period shall be available for the unexpired period and upto the unavailed ceiling of such Eligibility Certificate issued to the Eligible Unit from the period beginning with the accounting year immediately following the date of grant of permission for such change of option.

(ii) The Eligible Units holding Eligibility Certificate under the 1979/1983 Schemes and who had the option to avail the sales tax incentives in the form of Deferral or Exemption under the said relevant Scheme, shall be permitted to exercise an option to change from Exemption to Deferral or vice versa once during the residual period of the Eligibility Certificate.

5.4. The period for which the sales tax liability will be deferred under Part I and Part II of the 1988 Scheme will be 10 years from the date of availment and shall be repayable thereafter in five equal annual instalments.

5.5. *Sales Tax Incentive as an Interest Free Unsecured Loan in certain specified circumstances.*—In respect of the Eligible Unit under the 1988 Scheme undertaking manufacturing activities which are legally not considered 'manufacturing activities' under the Sales Tax Law, as for instance, dyeing/texturising/processing of yarn/basic products of iron and steel in different forms, etc., the sales tax incentive will be allowed as an interest free unsecured loan rating above equity repayable after 10 years in five equal annual instalments in lieu of exemption/deferral. The quantum admissible in such cases will be subject to the ceilings specified in para 5.2. The incentive will be worked out on the basis of the amount of sales tax payable and paid on

the purchases of raw materials and sales tax/turnover tax/additional tax payable and paid on sales of finished products of the Eligible Unit. The Eligible Unit will prefer the claim with the respective Implementing Agency every year within six months from the date prescribed for filing of the returns for the last quarter month of the accounting year followed by the Eligible Unit.

The provisions of the 1979 Procedure will apply *mutatis mutandis* for grant of the above incentive.

5.6. *Sales Tax Incentive for the extended period.*—The Pioneer Unit eligible for sales tax incentive under Part I of the 1988 Scheme with Gross Fixed Capital Investment exceeding Rs. 25 crores will be entitled to the sales tax incentive for an extended period of 14 years including the period of 10 years normally admissible to a Pioneer Unit, subject to fulfilment of the conditions mentioned below:—

(i) The Pioneer Unit should purchase its requirements of raw material in the unit in areas covered under Group 'B', Group 'C', Group 'D' or No Industry District to the extent of at least 25 per cent by value of its total requirements.

(ii) Out of the minimum purchases of 25 per cent referred to under sub-clause (i) above, at least one-third by value or 50 per cent of the total purchases by value from SSI Units in the country, whichever is less, shall be made from new small scale ancillaries to be established in areas covered under Group 'B', Group 'C', Group 'D' or No Industry District with the active support of the Pioneer Unit.

5.7. The Pioneer Unit should fulfil the conditions relating to purchase referred to above at least to the extent of the two-third thereof taking the arithmetic mean during the 10th year from the date of effect of Eligibility failing which the period of incentive will not be extended beyond the 10th year. The continuance of incentives from the 11th year and onwards will be based on the fulfilment of the conditions referred to under para 5.6. at least to the extent of two-third thereof during the immediate previous year so that the Pioneer Unit will be entitled to the extension each year from the 11th year and onwards only if the conditions are fulfilled during the immediate preceding year and not otherwise.

EXPLANATION

Government can, however, vary the conditions mentioned in para 5.6 sub-clauses (i) and (ii) prior to the grant of Final Eligibility Certificate to the Pioneer Unit.

5.8. *Quantum of Sales Tax Incentive under the extended period.*—The quantum of sales tax incentive admissible to the Pioneer Unit during the extended period will be determined in such a manner that at no point of time the amount of cumulative sales tax incentive worked out from the date of effect of eligibility exceeds 95 per cent. of the cumulative Gross Fixed Capital Investment of the Pioneer Unit.

5.9. *Provisions for Monitoring and Review of the Fixed Capital Investment and Production activities of the Eligible Unit.*—With a view to monitoring the production activities of and the establishment of Fixed Assets

by the Eligible Unit in relation to the incentive available under the 1988 Scheme and ensuring that the two match one another during the period of Eligibility and also thereafter during the operative period of the Agreement entered into by the Eligible Unit, the following procedure is laid down :—

(a) The Eligible Unit shall, within one month from the date prescribed under the Sales Tax Law for filing the returns, submit to the Implementing Agency certified true copies of returns (monthly/quarterly, as the case may be) submitted to the Sales Tax Department from time to time.

(b) The Eligible Unit shall also submit alongwith the above returns, a report on the working of the Eligible Unit covering information/details regarding the production/sales, the addition for Fixed Capital Investment/disposal, if any, of Fixed Assets, changes in the constitution of the Eligible Unit duly authenticated and signed by a responsible person on behalf of the Eligible Unit.

(c) The Eligible Unit shall also submit to the Implementing Agency within a period of nine months from the close of every year, a certified true copy of the Annual Statement of Accounts and Balance-sheet for the said year.

(d) The Implementing Agency shall be entitled to call for any information/details for shorter period or otherwise even prior to the close of the year.

The Implementing Agency and the Sales Tax Authorities shall independently examine the position from time to time in order to ensure that the sales tax incentive drawn/availed of is well within the ceilings specified in para 5.2 and relate to the product/s and capacity/ies eligible or as the case may be the ceilings provided for under the relevant Earlier Scheme.

(e) The Sales Tax Authorities shall assess the returns of the Eligible Units on priority and, in consultation with the concerned Implementing Agency, take appropriate and timely steps to prevent availment of incentive in excess of the admissibility as related to the specified product/s ceilings, capacities, etc.

(f) Failure on the part of the Eligible Unit to submit any of the above information/documents by the time indicated will tantamount to breach of the provisions of the 1988 Scheme entailing suitable action as provided under the Procedure including the action to cancel the Eligibility Certificate/premature recall of incentives drawn/immediate re-payment of the deferred tax.

(g) The provision for Review/Monitoring shall be so administered by the Implementing Agencies and the Sales Tax Authorities that on the basis of the information/details furnished by the Eligible Unit from time to time and also such other information which may have come into their possession, the Implementing Agencies shall ensure that as far as possible, the Eligible Unit on the one hand and the Sales Tax Department on the other are kept on proper and timely notice regarding the continuance of the Eligibility Certificate during the tenure in accordance with the Procedure laid down by the Government from time to time.

(h) The Implementing Agencies shall take prompt action to cancel the Eligibility Certificate on the Eligible Unit reaching the ceiling prescribed under para 5.2 in the matter of drawal of the Sales Tax Incentive prior to the period of eligibility or contravening any of the conditions thereunder.

The provisions of Monitoring and Review will also apply *mutatis mutandis* to all Eligible Units covered under para 6 of the 1988 Scheme.

6. Sales Tax Incentive under Part II

6.1. *Eligibility.*—(A) An Existing Unit satisfying the conditions laid down under para 6.1(B) setting up after October 1, 1988 a New Unit covered under para 2.10/Pioneer Unit covered under para 3.1(i), (ii) or (iii) or undertaking Expansion/Diversification covered under para 2.5 in any of the areas in Group 'B', Group 'C', Group 'D' or No Industry District, may in lieu of sales tax incentive under Part I, opt for sales tax incentive under Part-II.

(B) *The Existing Unit for claiming Eligibility under Part II should satisfy the following conditions.*—The Existing Unit has, for the three years immediately prior to the year in which the application for Eligibility Certificate is filed, paid in respect of the products in Maharashtra, sales tax in excess of Rs. 15 lacs (if the existing unit is located in Group 'A' area) or Rs. 5 lacs (if the existing unit is located in Group 'B', Group 'C', Group 'D' areas or No Industry District).

The option to avail of the incentive under Part II in lieu of Part I of the 1988 Scheme shall be exercised at the time of filing of application for the Eligibility Certificate. The option once exercised, shall be final and binding on the Eligible Unit and it shall not be allowed to switch over to Part I for whatsoever reason.

6.2. The quantum of sales tax incentive admissible is as under :—

Area	Quantum.	Ceilings (Rs. in lacs)
Group 'B'	25 per cent of Fixed Capital Investment of the Unit or 3 years' sales tax liability of the Existing Unit, whichever is less.	50
Group 'C'	30 per cent of Fixed Capital Investment of the Unit or 4 years' sales tax liability of the Existing Unit, whichever is less.	75
Group 'D'	35 per cent of Fixed Capital Investment of the Unit or 5 years' sales tax liability of the Existing Unit, whichever is less.	100
Pioneer Unit or No Industry District.	40 per cent of Fixed Capital Investment of the Unit or 6 years' sales tax liability of the Existing unit, whichever is less.	150

Export Oriented Unit as per Group 'B' area.

Note.—The term 'Fixed Capital Investment of the Unit' appearing in the above Table will mean the Fixed Capital Investment of the New Unit/Pioneer Unit under para 3(i) and (ii), Additional Fixed Capital Investment of the Expansion/Diversification as may be eligible under para 2.5 or of Pioneer Unit under para 3.1(iii).

6.3. For the purpose of incentives, the Existing Unit may choose any block of 3/4/5 or 6 consecutive years, as the case may be, from the years 1981-82 to 1991-92. The block so chosen shall not, however, include any year for which the Existing Unit has availed of sales tax incentive under Part-II of any of the Earlier Schemes. The sales tax liability shall not include the sales tax liability of any unit set up by the Existing Unit which has already availed of incentives under any of the Earlier Schemes.

6.4. The sales tax incentive under Part II by way of deferral^{ed} will be admissible to Eligible Units under the following categories:—

(a) Existing Unit which opts for sales tax incentive under Part II of the 1988 Scheme;

(b) Eligible Existing Unit which has filed an application for grant of Eligibility Certificate under Part II of the 1983 Scheme on or before September 30, 1988 and the same is pending with the Implementing Agency being otherwise eligible under the 1988 Scheme.

(c) Eligible Unit to whom an Eligibility Certificate—Provisional or Final—under Part II of any of the Earlier Schemes is granted and the unit opts for deferral. In respect of the Eligible Unit covered under this clause, balance amount of sales tax loan covered under the said Eligibility Certificate after excluding the amount already availed of only will be covered for the purpose of deferral.

6.5. The Eligible Unit after the grant of Eligibility Certificate will be entitled to draw the benefit of deferral of sales tax liability either of the Existing Unit or the New Unit/Pioneer Unit/Eligible Expansion/Diversification, as the case may be, set up by the Existing Unit after the same goes into production.

6.6. The benefit of deferral under Part II will be admissible in the manner indicated below —

(a) The quantum of sales tax incentive admissible under Part II under any of the Earlier Schemes or under the 1988 Scheme will be determined by the Implementing Agency. In respect of the Eligible Unit under any of the Earlier Schemes now opting for deferral, only the quantum actually admissible as worked out after taking into account the amount of incentives already drawn will be considered for deferral.

(b) The Implementing Agency shall issue a VOUCHER certifying the actual amount of sales tax incentive admissible for deferral. The VOUCHER certifying the sales tax incentive admissible, issued by the Implementing Agency, will form the basis for the Commissioner of Sales Tax or an Officer to whom necessary powers have been delegated under the Sales Tax Law, to permit the Eligible Unit to defer the sales tax/purchase tax payable as per the entitlements covered by the said vouchers.

(c) The Implementing Agency shall furnish to the Commissioner of Sales Tax every month a statement of VOUCHERS issued covering

the full details such as the voucher number, date, amount, name of the Eligible Unit in whose favour issued, Registration Certificate number, Eligibility Certificate number, etc.

(d) The Eligible Unit shall within one month from the date of filing of the return furnish to the Implementing Agency full details duly certified by Chartered Accountants indicating the quantum of sales tax/purchase tax as per the returns deferred from time to time till the total amount as per the VOUCHER certifying the sales tax incentive admissible stands deferred.

(e) The Commissioner of Sales Tax or the Officer to whom the necessary powers have been delegated, shall also furnish to the concerned Implementing Agency the details covering the full particulars of the taxes deferred to the extent of the amount shown in the VOUCHER for the purpose of reconciliation.

Fixed Capital Investment on which the Sales Tax Incentive under Part II and Special Capital Incentive is admissible

6.7. For the purpose of computation of sales tax incentive under Part II as well as Special Capital Incentive, the Gross Fixed Capital Investment made within a period of three years from the date of completion of all the Effective Steps for setting up a Pioneer Unit will be considered admissible. In the case of non-Pioneer Unit, the Gross Fixed Capital Investment made within a period of two years from the date of completion of all the Effective Steps for setting up a New Unit or Expansion/Diversification (as may be eligible under the 1988 Scheme) will be considered admissible.

7. Special Capital Incentive

7.1. (i) A New Unit set up on or after October 1, 1988, covered under para 2.10. and Pioneer Unit covered by para 3.1. (i) and (ii) and which is eligible under Part I as per para 5, excluding units expanding/diversifying will be entitled to Special Capital Incentive at the rates indicated in the table given below:—

Eligible Unit in Area	Quantum (per cent of Fixed Capital Investment)		Ceiling (Rs. in lacs)	
	MSI/LSI	SSI	MSI/LSI	SSI
Group 'B'				
Group 'C'	20	25	20	10
Group 'D'	25	30	25	15
No. Industry District	}	30	30	20
Pioneer Unit				

(ii) An Eligible Unit covered under para 2.5 above for Expansion/Diversification will be entitled to Special Capital Incentive at the rates indicated in the table given below:—

Eligible Unit in Area	Quantum (per cent of Fixed Capital Investment)		Ceiling (Rs. in lacs)	
	MSI/LSI	SSI	MSI/LSI	SSI
	Group 'B'	15	20	20.00
Group 'C'	20	25	25.00	20.00
Group 'D'	25	35	25.00	20.00
Pioneer Unit	25	—	25.00	—
No Industry District	25	35	25.00	20.00

(iii) *Option for Sales Tax Incentive*—An one time option shall be provided to the Eligible Units to avail the Special Capital Incentive in the form of additional Sales Tax Incentives instead of cash Grant at twice the monetary ceiling of the Special Capital Incentive admissible to the Eligible Unit and additional period of 1, 2 and 3 years for SSI and 1, 2 and 2 years for MSI/LSI for Group 'B', Group 'C' and Group 'D' Areas, respectively shall be available for such sales tax incentive in lieu of Special Capital Incentive.

(iv) Special Capital Incentive will not be admissible to—

- Pioneer Unit covered by para 3.1 (iii) even though opting for Sales Tax Incentive under Part I.
- Eligible Units opting for Sales Tax Incentive under Part II.

7.2. The Special Capital Incentive will also be admissible to Eligible Units set up in the industrially backward district in Maharashtra where the Central Investment Subsidy is applicable. The quantum of Special Capital Incentive admissible in such cases will be in addition to the amount of Central Subsidy that would be admissible to such Eligible Units.

7.3 The Special Capital Incentive will be admissible as a grant. The Eligible Unit will be entitled to draw the incentive after completion of all the Effective steps—both Initial and Final—and the same will be computed on the basis of Fixed Capital Investment actually made by the Eligible Unit.

8. Industries not eligible under the 1988 Scheme

The following industrial units shall not be considered eligible for any incentive under the 1988 Scheme:—

- Charcoal;
- Saw Mill; and
- Edible and non-edible oil or manufacture of any oil by means of processes such as crushing, solvent extraction, refining, hydrogenation, etc.

9. Octroi Incentive

9.1. Only New Unit/Expansion/Diversification/Pioneer Unit covered under para 3.1(i) and (ii) eligible under Part I or Part II will be entitled to refund of octroi duty payable and paid to the local authority on import of all the items required by the Eligible Unit. The same will be admissible in the form of a grant.

9.2. The incentive will be available for the period as indicated below:—

Area and Period	For Units eligible under Part-I	For Units eligible under Part-II
Group 'B' units 5 years		During implementation of the project till commencement of commercial production.
Group 'C' units 7 years		During implementation of the project till commencement of commercial production.
Group 'D' units 9 years	From the date of commencement of commercial production.	During implementation of the project till commencement of commercial production.
Pioneer Units 10 years		During implementation of the project till commencement of commercial production.
No Industry District 10 years		During implementation of the project till commencement of commercial production.

Note.—The incentive will be admissible only after the Eligible Unit goes into commercial production.

9.3. The Octroi Incentive shall be restricted upto 100% of the admissible Fixed Capital Investment of the Eligible Unit.

10. Other Incentive

10.1. *Contribution towards the cost of feasibility study.*—The Implementing Agency may give 75% contribution towards the cost of preparation of a feasibility study either undertaken by the said Implementing Agency or done through an agency approved by it. If the project is implemented, the contribution shall be treated as an unsecured loan for a period of five years from the date of disbursement. The loan shall bear interest at such rate as may be prescribed by the Implementing Agency. If the project is not implemented within the prescribed time, the feasibility study shall become the Implementing Agency's property.

10.2. *Preferential treatment in Government/Government Undertaking/Statutory Bodies Purchase Programme.*—In order to give preferential treatment to the Eligible Units under the 1988 Scheme to whom necessary Eligibility Certificates have been issued by the Implementing Agencies, the State Government and the State Government Undertaking and Statutory Bodies as listed in Annexure -1 of the Government Resolution No. SPO-1077/130959/IND-6, dated the 9th August 1977, shall purchase from such Eligible and quoting Units thirty-three per cent of the indented quantity at the lowest acceptable price in the open competitive tenders.

The period for which this incentive will be available shall be as follows:—

Group 'B' Area	Group 'C' Area	Group 'D' Area	Pioneer Unit & No Industry District
3 years	5 years	7 years	9 years

from the date of commencement of commercial production.

10.3. *Electricity Duty*.—The incentive shall be admissible in the form of Refund of Electricity Duty to New Power Intensive Industrial Units/Power Intensive Pioneer Units which are set-up in Group 'B', Group 'C', Group 'D' or No Industry District areas. This refund will be admissible for a Period of 3/5/7/7/7 years respectively for 'B', 'C', 'D', Pioneer and No Industry District without any monetary ceiling. The period shall commence from the date of effect of the Eligibility Certificate. This refund shall be in the form of grant.

10.4. *Credit Points*.—Additional incentive shall be available to the Eligible Units for a period of additional one year and upto additional 10% of Fixed Capital Investment, separately for the following credit points, viz. Energy Saving Devices, Installation of Effluent Treatment Plants/measures and Employment of Local Persons, as detailed below:—

(i) *Energy Saving Devices*.—The admissibility in this regard would be determined by the Government in consultation with the Energy Department.

(ii) *Installation of Effluent Treatment Plant/measures*.—The incentive shall be admissible for those Eligible Units who abide by the stipulations of the Pollution Control Board. Environmental Department of the Government and adherence to these stipulations shall be monitored through these agencies. The admissibility in this regard would be determined by the Government in consultation with the Environment Department.

(iii) *Employment of Local Persons*.—The Eligible Units who employ minimum of 80% local persons in the non-supervisory category and 50% local persons in supervisory category and maintain these levels throughout the period of Eligibility Certificate.

11. Priority for disbursement

The disbursement of the incentives by the Implementing Agency shall be in accordance with the chronological order of approved claims. The priority shall, however, be given to sick units and 100% export oriented units in the matter of disbursement.

12. Normal Production

(a) All the Eligible Units shall be required to maintain normal production as defined under the Procedure for a period of at least 15 years from the date of commencement of commercial production or the date of effect of the Eligibility Certificate, whichever is later. In case of fall in normal production during this period, the incentives availed by the Eligible Unit shall become recoverable in accordance with the Procedural Rules laid down by the Government.

(b) All the Eligible Units shall comply with the requirements preceding the issue of Eligibility Certificate by the Implementing Agency so as to ensure obtaining the Eligibility Certificate within the period of six months from the date of commencement of commercial production as laid down in the Procedural Rules.

13. Committee to interpret

A Committee as constituted comprising of the following members shall be authorised to interpret and decide all the issues involving interpretation

of the 1988 Scheme in the cases referred to it by the Implementing Agencies. All matters except a major change in the policy of the 1988 Scheme shall be decided by the Committee without any reference to the Government. The decision of the Committee in such matters shall be treated as final and binding. However, the Committee shall not have powers to relax any conditions imposed under the 1988 Scheme. The Committee shall comprise of :-

1. Secretary to Government of Maharashtra, Industries Department. Chairman.
2. Development Commissioner (Industries). Member.
3. Managing Director, SICOM Ltd. Member.
4. Managing Directors of All Regional Development Corporations. Member.
5. Representative of Finance Department. Member.
6. Representative of Commissioner of Sales Tax. Member.
7. Dy. Secretary to Government of Maharashtra, Industries Department. Member.
8. Incharge of Incentive Section, SICOM Limited. Member-Secretary.

Secretarial assistance to the Committee viz. convening of the meetings, processing of representations, preparation of minutes, etc. shall be provided by the SICOM.

The Member Secretary to the Committee should prepare a short report giving therein the categories of cases which were dealt with by the Committee and kind of decision arrived at. The first such report should be prepared after period of six months from the date of this Resolution and submitted to the Government. Such six monthly reports should thereafter be periodically submitted to the Government.

14. The 1988 Scheme and the implementation thereof shall be governed by the Procedural Rules under the Package Scheme of Incentives as laid down by the Government Resolution, Industries, Energy and Labour Department, No. IDL-7079/95227/(2540)/IND-8, dated 11th August, 1980 as amended from time to time shall be applicable *mutatis mutandis*.

15. Finance Department shall issue necessary consequential amendment to the Bombay Sales Tax Rules, 1959 and to the Central Sales Tax (Bombay) Rules, 1957 to implement the 1988 Scheme.

16. This Resolution issues with the concurrence of the Finance Department *vide* that Department Unofficial Reference No. CR-878/PSU-I, dated the 30th September, 1988.

By order and in the name of the Governor of Maharashtra,

S. G. KALE,
Secretary to Government.

To

The Director General of Information and Public Relations, Bombay (with 5 copies) and with a request to issue a suitable press note and arrange for giving a wide publicity to the contents of this Resolution in all leading newspapers including local and national papers in Maharashtra.

Copy to :—

The Development Commissioner (Industries), Bombay (with 25 copies),

The Managing Director, State Industrial and Investment Corporation of Maharashtra Ltd., Bombay (with 5,000 copies),

The Managing Director, Western Maharashtra Development Corporation Limited, Pune (with 1,000 copies),

The Managing Director, Development Corporation of Konkan Ltd., Bombay (500 copies),

The Managing Director, Marathwada Development Corporation Ltd., Aurangabad (with 500 copies),

The Managing Director, Development Corporation of Vidarbha Ltd., Nagpur (with 500 copies),

The Managing Director, Maharashtra Small-Scale Industries Development Corporation, Bombay (10 copies),

The Managing Director, Maharashtra State Financial Corporation, Bombay (25 copies),

The Chief Executive Officer, Maharashtra Industrial Development Corporation, Bombay (25 copies),

All Divisional Commissioners,

All Collectors and Deputy Industries Commissioners,

All Managers, District Industries Centres,

All Joint Directors of Industries,

The Commissioner of Sales Tax, Bombay (with 1200 copies),

The Finance Department (PSU-1),

All other Departments of Mantralaya,

All Desk Officers in Industries, Energy and Labour Department,

The Industries, Energy and Labour Department (IND-8, Select file),

The Accountant General, Maharashtra-I, Bombay,

The Accountant General, Maharashtra-II, Nagpur,

The Pay and Accounts Officer, Bombay,

The Resident Audit Officer, Bombay,

The Director General of Information and Public Relations, Bombay.

Copy for information to :—

Secretary to Chief Minister, Mantralaya, Bombay,

Private Secretary to Minister (Industries),

Private Secretary to Minister of State for Industries, Bombay,

Personal Assistant to Chief Secretary,

Personal Assistant to Secretary, Finance Department,

Personal Assistant to Secretary, Planning Department.

ANNEXURE I

Annexure to Government Resolution, Industries, Energy and Labour Department,
No. HDI-1088 (6603) (IND) N, dated the 30th September 1988 showing

CLASSIFICATION OF TALUKAS

District (1)	Group 'A' (2)	Group 'B' (3)	Group 'C' (4)	Group 'D' (5)
(1) Greater Bombay	Greater Bombay.	I. BOMBAY DIVISION		
(2) Thane	Thane Bhiwandi Kalyan Ulhasnagar Vasai Palghar	II. KONKAN DIVISION		
(3) Raigad	Palghar Panvel Khadapur Kohn Alibag* Karjat* Pen*	Ilabara Uran Sudhagar Alibag† Mhasala Shrivardhan Pen‡	Mungas Mahad Murud Karjat‡	Talasari Inwabar Mokhada Wada Shahapur Morband Poladpur
(4) Ratnagiri	*(falling within BMR)		‡(Outside BMR) Ratnagiri	
(5) Sindhadurg	Entire District (excluding Ratnagiri Taluka).			
(6) Pune	Entire District.			
	III. PUNE DIVISION			
(7) Solapur	Pune City Havli Khed† Mulshi† Mawli†	Indapur Mulshi†† Mawli†† Bhor	Junnar Sirur Dhond Baramati Parandav Velhe	Ambegaon Khed††
	† (falling within PMR)		††(Outside PMR) Solapur (N) Mahshiras	
(8) Satara	Akkalkot Bardhi Solapur (S) Mohol Mangalwedhe Pundharpur Sangola Karmala Madha Koregaon Satara Karad Phaltan Wai Khandala Man Khatav Patav Jaoli Mahabaleshwar			

ANNEXURE I—contd.

District (1)	Group 'A' (2)	Group 'B' (3)	Group 'C' (4)	Group 'D' (5)
(9) Sangli			Khanapur Miraj	Entire District (excluding Khanapur and Miraj Talukas)
(10) Kolhapur			Shirol Hatkanangale Karveer	Entire District excluding Karveer, Shirol and Hatkanan- gale Talukas.
IV. NASHIK DIVISION				
(11) Nashik		Nashik Malegaon Sinnar	Baglan Yevla Niphad	Peth Dindori Surgana Kalwan Chandwad Nandgaon Igatpuri
(12) Ahmadnagar		Ahmadnagar Sangamner Shrirampur Kopergaon	Akola Rahuri	Pathardi Jamkhed Karjat Shrigonda Parner Newase Shevgaon.
(13) Dhule				Entire District.
(14) Jalgaon				Entire District.
V. AMRAVATI DIVISION				
(15) Amravati				Entire District
(16) Akola				Entire District.
(17) Buldhana				Entire District.
(18) Yavatmal				Entire District.
VI. NAGPUR DIVISION				
(19) Nagpur				Entire District.
(20) Bhandara				Entire District.
(21) Wardha				Entire District.
(22) Chandrapur				Entire District.
(23) Gadchiroli				No Industry District
VII. AURANGABAD DIVISION				
(24) Aurangabad			Aurangabad	Entire District (excluding Aurangabad Taluka)
(25) Jalna				Entire District.
(26) Parbhani				Entire District.
(27) Nanded				Entire District.
(28) Osmanabad				Entire District.
(29) Latur				Entire District.
(30) Beed				Entire District.

ANNEXURE II

Annexure to the Government Resolution, Industries, Energy and Labour Department, No. IDL-1088/(6603)/IND-8, dated the 30th September 1988.

COVERAGE UNDER THE SCHEME

Following industries will be covered under the 1988 Scheme :

- (i) Industries listed in the first schedule of the Industries (Development and Regulation) Act, 1951, as amended from time to time.
- (ii) Industries falling within the purview of the following Boards/

Agencies :

- (a) Small Scale Industries Board,
 - (b) Coir Board,
 - (c) Silk Board,
 - (d) All India Handicrafts Board,
 - (e) All India Handloom Board,
 - (f) Khadi and Village Industries Board,
 - (g) Any other Agency constituted by Government for industrial development.
- (iii) (a) Poultry and all agro-industries. Capital expenditure on land, building and equipment alone will be eligible,
 - (b) Mining,
 - (c) Cold storage,
 - (d) Hotel (Subject to guidelines of the Government of India as applicable from time to time),
 - (e) Service industries of the type of general workshops including repair workshops. No other service industries are eligible for subsidy,
 - (f) Dry cleaning by mechanical process,
 - (g) Data processing.

ANNEXURE III
 1988-89
 Ministry of Industries, Energy and Labour Department, No. IDL 10551 (6603) IND-8, dated the 30th September 1988

Conditions for giving the incentives

Serial No. (1)	Type of case (2)	Nature of Incentive (3)	(4)
1.	<p>I. Cases where no incentive is availed of : Where only land and building of an Existing Unit set up in any of the areas covered under Group 'B', 'C' and 'D' which has not availed any incentives under any of the Schemes is transferred and the Transferor sets up a new project for manufacture of any product at the location of the Existing Unit, after adding thereof, additional buildings, machinery and starts production as a New Unit.</p>	<p>Incentive admissible to a New Eligible Unit under the 1988 Scheme subject to conditions specified in column 4.</p>	Do
2.	<p>Where, in the above situation, land, building and plant and machinery is transferred and the Transferor adds further buildings and/or machinery and starts production of either the same product or altogether new product.</p>	Do	Do
3.	<p>I. Cases where incentive has been availed partly and the unit has been transferred. Incentives admissible to a New Eligible Unit under the 1988 Scheme has availed where a New Unit eligible under the 1988 Scheme but also sales tax incentive for a period of the period of Eligibility Certificate of the period of Eligibility Certificate.</p>	<p>Incentives admissible to a New Eligible Unit under the 1988 Scheme subject to conditions specified in Column 4.</p>	Do
4.	<p>Where a New Unit eligible under the 1988 Scheme not only availing Special Capital Incentive but also sales tax incentive for a period of the period of Eligibility Certificate.</p>	Do	Do

The incentives and the ceilings thereunder shall be related and restricted only to the additional Fixed Capital Investment by the Unit i.e. the investment in the fixed assets of the Existing Unit shall be excluded and incentives will not be available on these assets.

The Transferor will be considered eligible as a New Unit provided the incentives availed by the Transferor are repaid fully in accordance with the 1988 Scheme Procedural Rules without interest.

III. Cases where period of incentives of the Existing Unit has expired but operation period under the agreement has not expired :

5 Where an Existing Unit which has already availed incentive under any of the Schemes of Incentives, namely the 1964, the 1969, the 1973, the 1976, the 1979, the 1983 is closed after expiry of the period of eligibility and during the operative period of agreement entered into for the purpose of availing the incentive or during the currency of the loan availed as incentive in transferred and the Transferee sets up a new project in the said premises and manufacture of same or any new product.

Incentives admissible to a New Eligible Unit under the 1988 Scheme subject to fulfilment of both conditions specified in column 4.

(i) The Transferee will be considered eligible as a new unit provided the incentives availed by the Transferor are repaid. Where the existing unit is closed within 7 years from the commencement of production, the Transferor shall be liable to repay the incentives with interest thereon.

(ii) Incentives and the earnings thereunder shall be related and restricted on additional Fixed Capital Investment in the Eligible Unit (i.e. the investment in the fixed assets of the existing unit shall be excluded and incentives will not be available on these assets).

IV. Cases where assets of new units eligible under 1988 Scheme are transferred before availing of incentives :

6 Where a new unit eligible under the 1988 Scheme before availing of the incentives is transferred.

7 Where an Existing Unit which has availed incentives under any of the Schemes, viz., the 1964 Scheme, the 1969 Scheme, the 1973 Scheme, the 1976 Scheme, the 1979 Scheme, the 1983 Scheme or the 1988 Scheme is closed during the currency of the loan or operative period of the agreement and the concerned financial institution(s) take over the assets of the unit and transfer the same in realisation of their dues, the Transferee after adding further fixed assets starts production as a New Unit.

Do.

Nil

Nil

Do.

7 Where an Existing Unit which has availed incentives under any of the Schemes, viz., the 1964 Scheme, the 1969 Scheme, the 1973 Scheme, the 1976 Scheme, the 1979 Scheme, the 1983 Scheme or the 1988 Scheme is closed during the currency of the loan or operative period of the agreement and the concerned financial institution(s) take over the assets of the unit and transfer the same in realisation of their dues, the Transferee after adding further fixed assets starts production as a New Unit.

Incentives admissible to a New Eligible Unit under the 1988 Scheme subject to fulfilment of both the conditions specified in column 4.

(i) Incentives and the earnings thereunder shall be related and restricted only to the additional Fixed Capital Investment by the Eligible Unit (i.e. investment in the fixed assets of the existing unit shall be excluded and incentives will not be available on these assets).

(ii) Such additional fixed capital investment shall not be less than twice of the gross value of fixed assets of the Transferor unit as may have been considered earlier for incentives.