

Annexure J

**Scheme I3**

**Incentives for Sustainability & Responsible  
Industrialisation**

## **Scheme I3**

# **Incentives for Sustainability & Responsible Industrialisation**

### **A. The Scheme:**

Sustainable and responsible industrialization encompasses the development of industries that prioritize environmental stewardship, social responsibility, and long-term economic growth. It involves implementing strategies and technologies to minimize negative environmental impacts, conserve resources, and reduce pollution and waste. Transitioning to renewable energy sources, embracing a circular economy model, and promoting sustainable supply chains are integral to this process. Encouraging green innovation and technology, engaging stakeholders, and upholding social responsibility and labour standards also play key roles. Additionally, supportive policy and regulatory frameworks are necessary to foster responsible industrial growth. By integrating these principles, industries can achieve economic prosperity while safeguarding the environment, promoting social well-being, and paving the way for a sustainable future.

The Incentive Scheme for Sustainability & Responsible Industrialisation aims to provide reimbursement of 25% of expenses incurred by applicant unit in the State for setting up ETP, installations for substitution of power from grid, rainwater harvesting, Zero Discharge technologies, installing facilities for recycling of e-waste or recycling of wastewater, conducting audits for energy and water conservation & purchase of material for such conservation, excluding the expenditure incurred for civil works, subject to a maximum of Rs 25.00 Lakh/applicant over the policy period, provided the core activity of the unit is in any of the Priority Sectors as mentioned in the Kerala Industry Policy 2023.

### **B. Definition and explanation**

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The definitions for the terms mentioned in this guideline shall be used only for the purpose of this program and need not be made applicable elsewhere. The itemized definitions and explanations to this effect are as below:

- i. Applicant: Enterprises of any constitution viz., Proprietary, Partnership, Limited Liability, Private Limited, Public Limited, Society, Trust, etc. having operational head office in Kerala. It shall be an independent legal entity
- ii. MSME units: All Micro Small & Medium Enterprises (MSME's), as defined in the MSMED act 2006.
- iii. Large Enterprise: Investment in plant & machinery above INR 50.00 Cr and not exceeding INR 300.00 Cr
- iv. Mega Enterprise: Investment in plant & machinery above INR 300.00 crore.
- v. Negative List: List of Industries declared by State Government from time to time, which are not to be encouraged by giving any Government financial assistance, Government controlled industries, public sector undertakings.
- vi. Agreement : An agreement refers to a legally binding document signed in stamp paper (Value as defined by the Sanctioning Authority) in the prescribed format between the Sanctioning Authority and applicant detailing the rights, obligations, and responsibilities of both the parties involved with regards to compliance to the rules and regulations, reporting requirements, repayment/recovery terms (if default), monitoring and evaluation processes, and any other specific conditions set forth by the Sanctioning Authority.

### C. Components considered for claims

- i. Installations for setting up ETP,
- ii. installations for substitution of power from grid(For renewable energy adoption eg: Solar, Wind etc)
- iii. installations for Rainwater harvesting,
- iv. installations towards Implementation of Zero Discharge technologies,
- v. installations for Reuse/recovery/recycling of e-waste/ wastewater,
- vi. Expenses towards conducting audits for energy and water conservation & purchase of material for such conservation
- vii. Cost incurred for civil works are **excluded**
- viii. Working capital and recurring costs **shall not be eligible**.

### D. Eligibility of Applicants

- i. All New/Existing MSME, Large, Mega Enterprises in any of the priority sectors as outlined in the Kerala Industrial Policy 2023 are eligible for assistance, towards the

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expenses incurred on or after 01.04.2023 for initiatives enumerated in section C.

- ii. The applicant enterprise must have a valid Udyam/IEM Registration (if available) & PAN Number.
- iii. The industries included in the Negative list and notified as such from time to time shall not be eligible for assistance

### **E. Entitlement of a successful applicant**

- i. The financial assistance provided under the scheme per unit shall consist of a 25% reimbursement on the expenses incurred on or after 01.04.2023 towards implementing sustainability and responsible industrialisation initiative components as enlisted in section C
- ii. The maximum reimbursement limit is set at Rs. 25.00 lakhs per applicant unit for enterprises operating in any of the priority sectors as outlined in the Kerala Industrial Policy 2023.
- iii. This assistance will be provided only during the policy period.
- iv. Assistance to any unit that has previously received subsidies or grants from any state/central government agencies for the same set of assets will be limited to the remaining eligible assistance payable under the Incentive Scheme for sustainable and responsible industrialisation.
- v. Industries listed in the Negative List and notified as such periodically, government-controlled industries, public sector undertakings, and units initiated by government-controlled agencies are not eligible for any assistance under these rules.

### **F. Recommending Authority**

The Recommending Authority for the applications shall be the concerned Assistant District Industries Officer. The duties of the Recommending Authority are to;

- i. Verify the documents submitted by the applicant via online
- ii. Conduct inspection if required,
- iii. Ascertain the eligibility, and recommend eligible amount to the Sanctioning authority.
- iv. Provide additional details if any called for by the Sanctioning Authority.
- v. Handhold smooth implementation of the scheme in close co-ordination with the applicant and Sanctioning Authority.

### **G. Sanctioning authority**

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The Sanctioning Authority for this scheme shall be the District Level 'Incentive Implementation Committee (IIC)' chaired by General Manager DIC. The constitution of the committee, the broad responsibilities of the Sanctioning Authority and the key responsibilities of the General Manager DIC for the successful conduct of the District Level IIC meetings are as outlined in the **General Scheme Guidelines in Annexure A**

### **H. Application Form, Processing Fee and its mode of Application**

Eligible applicant shall apply through online mode, with all relevant supporting documents and remit the applicable processing fee. The processing fee shall be 0.5% + GST of the claim submitted, subjected to minimum of Rs.1000/- +GST per application.

### **I. Mode of Release of Eligible Incentive**

The following procedures will be adopted for the release of assistance sanctioned to a unit under this Scheme;

- i. Upon approval from the sanctioning authority, a sanction letter will be issued to the applicant.
- ii. The applicant is required to take prompt action within 30 days of receiving the sanction letter, by either signing an agreement with the Sanctioning Authority to facilitate the disbursement of assistance or filing an appeal in the prescribed format mentioned in the "Appeal" section, if they have any grievances.
- iii. In case of applicant filing an appeal, the disbursement of assistance will be kept on hold, until the disposal of the same.
- iv. If the applicant is unable to sign the agreement within the stipulated time due to genuine reasons, they should inform in writing, the reasons thereof to the sanctioning authority within this 30 days itself. The sanctioning authority will review the situation, and if deemed satisfactory, may grant an extension on a case-by-case basis.
- v. If the applicant fails to sign the agreement or file an appeal within the specified 30-day timeframe, the sanction will stand cancelled automatically, without prior notice.
- vi. In case the applicant wishes to avail the assistance, a fresh application has to be submitted remitting the applicable processing fee, again. In such cases, the application will be considered as a new application.
- vii. In the case of units, which have successfully executed the agreement, Sanctioning Authority shall forward such cases to MD- KSIDC.

If the documents submitted by the Sanctioning Authority are in order, MD-KSIDC will initiate further steps for the disbursement of the eligible amount directly to the bank account of the Beneficiary depending up on the availability of the fund.

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### **J. Obligations of the applicant entrepreneurs and other General Guidelines**

- i. The unit has to submit the application through web portal within a period of one year after implementing sustainability and responsible industrialisation initiative. However, the sanctioning authority can overlook the delay in cases deemed genuine by the sanctioning authority up to further 6 months. The application submitted beyond the condonement period shall not be entertained.
- ii. For initiatives implemented to meet statutory/regulatory requirements of various departments (eg: ETP by KSPCB, Water harvesting by lsgd etc), such installations supported with certification/approval from the respective agencies shall only be considered for assistance under the scheme.
- iii. The applicant shall provide all required details and declare such information as to be true.
- iv. The applicant shall provide the Bank Account details of the MSME unit at the time of submission of application.
- v. The applicant shall provide clarifications or further details sought by the Recommending/ Sanctioning Authority.
- vi. The applicant, if so required by the Recommending/ Sanctioning Authority, shall allow inspection or verification of any details mentioned in the application including plant and machinery and all other assets, by the Recommending/Sanctioning Authority or a Third Party authorised by the Recommending/Sanctioning Authority.
- vii. The applicant shall produce originals of any important documents if so required by the Recommending/ Sanctioning authority for verification.
- viii. The applicant shall execute requisite legal agreement
- ix. The applicant shall operate the unit for a period of 5 years after the date of implementation of sustainability and responsible industrialisation initiatives claimed in the application.
- x. The applicant unit/assets claimed under the scheme shall not be transferred, sold, subleased, or sublet for a period of 5 years from the date of implementing sustainability and responsible industrialisation initiative without the consent of the sanctioning authority.

### **K. Appeal & Dispute Resolution Mechanism**

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There is also provision for the applicant to appeal against the award of the sanctioning authority. The appellate authority for applicants in such circumstances will be MD-KSIDC for the District Level IIC. The Appeal Form affixing court fee stamp for Rs.10.00/- in Annexure is to be submitted within 30 days of issue of the order of the sanctioning authority.

The assistance proposed in this scheme is envisaged as a fiscal incentive for the investment made in Kerala and to attract more investors. Any dispute arises, which cannot be resolved at the level of Appellate Authority can only be questioned at courts having its jurisdiction at Thiruvananthapuram

### **L. Recoveries & Penalties**

Any assistance provided under this scheme to a unit is subject to refund by the unit in full with an annual interest rate of 14% from the date of receipt upon the issuance of a registered demand notice to the unit by the Recommending/Sanctioning authority on the following grounds.

- a) In cases of obtaining assistance through misrepresentation, forgery, deception etc.
- b) Violating any of the conditions in the agreement executed
- c) Unauthorized subletting, subleasing, transfer or sale of the unit, change of activity without the consent of Sanctioning Authority

The applicant is required to operate the unit for the specified period mentioned in the guidelines/agreement. Failure to comply with this condition will result in the resumption of assistance on a prorated basis, considering the period of the company's operation, along with an annual interest rate of 14%.

In case of default, any amounts owed to the Government under the provisions stated above shall be recoverable as if they are arrears of land revenue. The recovery process will be carried out in accordance with the provisions of the Kerala Revenue Recovery Act, 1968, and other relevant laws applicable to the Government. However, the company will have to be provided with three opportunities to showcase in writing before such recovery measures are initiated.

### **M. General Guidelines**

- i. The claims under this scheme will be entertained only during the currency of this Scheme and Budgetary allocations. The decision of the GoK to modify, amend and if required completely withdraw the Scheme at any point of time in part or in full, is final.

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- ii. The processing fee collected from applicant shall be used for the meeting the incidental expenses for processing including TA/DA, other administrative overheads, consultancy expenses, if any, incurred for the proper processing of the claims etc.
- iii. An amount of 2% of the budget allocation under the scheme shall be earmarked and made available for disposal with the Director of Industries & Commerce for allotting to the District/State Level Committees towards administrative expenses and advertisement and publicity costs. The expenses can be met for the purpose of canvassing applicants, hiring of vehicles, associated telephone charges, printing and publishing publicity materials, light refreshments for investor meets. The Director of Industries & Commerce will determine the limits under which such expenses are to be footed.

### **N. Forms and Clarifications.**

MD-KSIDC shall have the full authority to prepare the application forms, form of agreement and any other formats required for the proper implementation of the Scheme and to issue clarifications sub-rules, modify the check-list etc, if required.

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