

Sustainable Industry Incentive Scheme 2023

Annexure B

Scheme 3

100% Electricity Duty Exemption for MSME units

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A. The Scheme

The Scheme envisages to provide 100% reimbursement of electricity duty for 5 years to new MSME units registered under MSMED Act, 2006 that are engaged in manufacturing / service activities (excluding trading) in any of the priority sectors as specified in the Kerala Industrial policy 2023 and commenced commercial operations on or after 01.04.2023.

B. Eligibility of applicants

1. All new Micro, Small and Medium Enterprises having valid UDYAM registration and which started commercial operation on or after 01/04/2023, engaged in manufacturing activities / service activities (excluding trading) set up in the state.
2. For the purpose of this scheme, an industrial unit eligible for this assistance shall be an independent legal entity.
3. Units which are operational prior to 01.04.2023 shall not be eligible for assistance under this scheme. However, the legal entity that makes investments in new locations in any of the priority sectors and that commences its operation on or after 01.04.2023 shall be eligible for assistance under this scheme.
4. Investment made for expansion of existing units will not come under the purview of this scheme. However units that gets selected for assistance under the scheme can avail the benefits for its on expansion during the selected 5 year period.
5. LT/HT/EHT power connections used only for industrial purposes shall be considered. Power trading/selling activities such as Electric Vehicle Charging stations shall not be considered for incentive.
6. All new investments shall be in any of the priority sectors as mentioned in the Kerala Industrial Policy 2023
7. The industries included in the Negative List and notified as such from time to time shall not be eligible for assistance.
8. Government controlled industries, public sector undertakings, units started by Government controlled agencies shall not be eligible for assistance under this scheme

C. Definition and explanation

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The definitions for the terms mentioned in this scheme are used only for the purpose of this Scheme and not applicable elsewhere.

- (i) Enterprise: An industrial unit falling under Micro, Small or Medium category in the MSMED Act 2006, with valid UDYAM registration.
- (ii) Units: Manufacturing / service facility of an Enterprise, located in the State of Kerala
- (iii) Negative List: List of Industries declared by Government from time to time, which are not to be encouraged by giving any Government financial assistance / support.
- (iv) 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.

D. Entitlement of a successful applicant

- 100% reimbursement of electricity duty for new MSME unit which started commercial operation on or after 01/04/2023 in any of the priority sectors as outlined in the Kerala Industrial Policy 2023. Trade is excluded from the ambit of the Scheme.
- Assistance shall be limited only to the electricity duty paid for a maximum period of 5 years from the date of commencement of commercial operation of the unit. (The bill amount just after the commencement will also be eligible even though the part of the consumption pertains to previous month as well)

E. Mode of Application & Processing Fee

Eligible applicant shall apply online, with all relevant supporting documents and remit the applicable processing fee. The processing fee shall be Rs.500/- +GST per claim.

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,

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- 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

The General Manager DIC shall be the Sanctioning Authority for all applications, irrespective of the claim amount. The Sanctioning authority shall,

- i. Review the recommendation, verify the entire procedure of the Recommending Authority if required
- ii. Take a final decision on the claim submitted by the applicant.
- iii. Based on the final decision, a proceeding shall be issued by the Sanctioning Authority.
- iv. Issue intimation letter to the applicant via online.
- v. Facilitate executing the "agreement" for this scheme by the applicant before General Manager DIC of the respective district.
- vi. Submit the copy of the proceedings and relevant details to MD-KSIDC for the disbursement.
- vii. Collect the details of the fund being released and intimate the applicant accordingly.

H. Mode of Release of Assistance

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. Within 30 days of receipt of the sanction letter, the applicant is required to either sign an agreement with the Sanctioning Authority for facilitating for the disbursement of the assistance or to file an appeal in the prescribed format as mentioned in section "Appeal" against the decision of the sanctioning authority if the unit desires so.
- iii. In case of applicant filing an appeal, the disbursal 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.

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- 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 resubmit its claim, 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 has 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 disbursement of the eligible amount directly to the bank account of the Beneficiary depending up on the availability of the fund.

I. Obligations of the applicant entrepreneurs and other General Guidelines

- The unit should have completed one year of operations at time of submission of application.
- The applicant shall submit the application, online through the web portal along with supporting documents.
- The applicant shall pay the requisite application fee through the online portal.
- The applicant shall provide all required details and declare such information as to be true.
- The applicant shall provide the Bank Account details of the MSME unit at the time of submission of application for transfer of the eligible approved incentives.
- The minimum claim shall be of 12 months period and the unit can apply maximum of 5 times only.
- The first claim shall be for the 12 months period from the date of commercial operation and same shall be submitted within an overall period of 24 months from the date of commercial operation.
- The application for the first claim submitted after the stipulated period of 24 months will not be considered for assistance.
- The applicant shall provide clarifications or further details sought by the Recommending/ Sanctioning Authority.
- 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

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Recommending/Sanctioning Authority or a Third Party authorised by the Recommending/Sanctioning Authority.

- The applicant shall produce originals of any important documents if so required by the Recommending/ Sanctioning authority for verification.
- The applicant shall execute requisite legal agreement
- The applicant shall operate the unit as stipulated in the agreement, failing which the assistance shall be resumed by restoring the provisions of Kerala Revenue Recovery Act.
- Electricity Bills / Demand Notice with proof of its Payments for the amount remitted towards electricity duty shall be submitted along with the application form. The consumer profile as downloaded/ collected from the power supplying authority (self-certified) shall be submitted.

J. Recoveries and 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 prorata 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, from time to time. However, the company will have to be provided with three opportunities to showcase in writing before such recovery measures are initiated.

K. General Guidelines

1. The assistance under this scheme shall be released to the eligible applicant in one go or in multiple tranche, over a period of 5 years, depending on the eligibility of claims.

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2. The claims under this scheme will be entertained only during the currency of this Scheme and Budgetary allocations. The Government of Kerala may modify, amend or introduce a new scheme and if required completely withdraw the Scheme, either in part or in full, at any point of time.
3. 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.
4. 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.

L. Appeal & Dispute Resolution Mechanism

There is a provision for the applicant to appeal against the award of the Sanctioning Authority, if needed. The appellate authority for applicants in such circumstances shall be MD-KSIDC. The Appeal Form affixing court fee stamp for Rs.10.00/- in the prescribed format, to be submitted within 30 days from date of sanction of the Proceedings. The Appellate Authority in such cases shall convene a meeting with the Sanctioning Authority and aggrieved applicant to resolve the matter. The decision of Appellate Authority will be final on such cases.

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

M. 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.
