

Sustainable Industry Incentive Scheme 2023

Annexure M

Scheme 18

Special Package to Attract PLI investors

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Scheme 18

Special package to attract PLI investors

A. The Scheme

A onetime incentive of 20% of the Fixed Capital Investments, subject to a maximum of Rs.100.00 lakhs shall be provided for industrial unit set up in the state in the Priority Sector as notified in the Kerala Industrial Policy 2023 and shortlisted under the PLI Schemes of GoI. Such top-up incentive is in addition to other subsidies admissible to said enterprises.

B. Eligibility of the Applicant

- The Scheme is applicable only to manufacturing units the State in categories such as MSME, Large & Mega.
- The incentive shall be only for those units shortlisted under the PLI scheme announced by Govt. of India from time to time
- The scheme is applicable only to units in any of the Priority Sectors as notified in the Kerala Industrial Policy 2023
- The investment made within Kerala on or after 01.04.2023 shall only be considered for the Fixed Capital Investments
- A company having its manufacturing facility anywhere in India, shortlisted under the PLI Scheme of GoI and the project/activity for which PLI is shortlisted/granted falls under any of the Priority sectors as notified in the Industrial Policy of GoK, will be eligible for the subsidy. In such cases the unit shall be set up in Kerala on or after 01.04.2023 by way of expansion/ modernisation/ diversification or as new unit, in the same sector for which PLI is short listed/granted.
- The industries included in the Negative List and notified as such from time to time shall not be eligible for assistance.
- Government controlled industries, public sector undertakings, units started by Government controlled agencies shall not be eligible for assistance under this scheme

C. Definition

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

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- **Units:** Manufacturing facility of an enterprise located in the State of Kerala
- **MSME units: All Micro Small & Medium Enterprises (MSME's)**, as defined in the MSMED Act 2006.
- **Investment:** For the purpose of this Scheme “the Investment” means components considered for claims as defined in section D, unless specified otherwise.
- **The expansion/ modernisation/ diversification:** ‘The expansion refers to investment activities carried out by units for increasing their production capacity. Modernisation’ refers to replacement of existing machinery with new machinery partially or fully with the same make or with different make. Diversification refers to all investment activities that are undertaken by units for venture into newer business verticals / revenue streams for the units. The investments on expansion/ modernisation/ diversification must result in increase in plant and machinery or equipments / essential office equipments etc.
- **Large Enterprise:** A company with Investment in plant & machinery / equipment above INR 50.00 Cr and not exceeding INR 300.00Cr or Turnover above Rs.250.00 Cr, or defined by GoK/GoI from time to time.
- **Mega Enterprise:** A company with Investment in plant & machinery /Equipment above the definition of Large Enterprises, or defined by GoK/GoI from time to time.
- **Fixed Capital Investments :** The principal elements of Fixed Capital Investment such as land, land development, building, essential office infrastructure, plant and machinery, equipment, electrification costs, testing equipment, generator, other energy generating equipment, pollution control equipment on recycling of water, waste and rain harvesting if utilised for industrial purpose etc. The amount considered for FCI shall be exclusive of the GST amount, wherever applicable. And in case of imported machinery, no customs duty, IGST or cess shall be considered.
- **PLI Scheme:** Production Linked Incentive Scheme announced by Govt. of India from time to time
- **Negative List:** List of Industries declared by Government from time to time, which are not to be encouraged by giving any Government financial from time to time
- **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 & Elements considered under Fixed Capital Investment

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Subject to meeting the eligibility criteria, the unit shall be eligible for an assistance upto 20% of the new Fixed Capital Investments in the State subject to a maximum of Rs.100.00 lakhs, as a onetime assistance.

The principal elements of Fixed Capital Investment such as land, land development, building, essential office infrastructure, plant and machinery, equipment, electrification costs, testing equipment, generator, other energy generating equipment, pollution control equipment, investment on recycling of water, waste and rain harvesting if utilised for industrial purpose etc. shall be admitted for assistances under this Scheme on the following basis.;

Sl.No	Components	Eligibility calculation
1	Own Land / land leased for minimum period of 10 years, in the name of the company, possessed and enjoyed by them evidenced by title / lease deeds and considered essential to the running of the unit shall be admitted for assistance	<p>a) In case of private land: Registered value (including stamp duty and registration charges), fair value, registered lease value limited to 10 years, as capitalised in the books of Accounts, whichever is lower, limited to 10% of total of total eligible investment.</p> <p>b) In the case of Govt notified industrial land, purchase value (including stamp duty and registration charges) or the value as evidenced in the books of Accounts, whichever is lower, limited to 10% of total of total eligible investment.</p>
2	Land Development Cost	Valuation of Chartered Engineers or the value as evidenced in the Books of Accounts, whichever is lower limited to 10% land value admitted (as per the computation in 1 above)
3	Building (essential to the running of the unit)	
3.1	New Building	Investment in new building will be considered; based on the valuation of Chartered Engineers or the value as evidenced in the Books of Accounts, whichever is lower subject

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3.2	Leased building (minimum period of 10 years)	Registered lease value limited to 10 years (if the lease period is more than 10 years), based on the valuation of Chartered Engineers and as evidenced in the Books of Accounts, whichever is lower.
3.3	Building Purchased along with land	Building cost as per the document value will be considered, if used for operational activities of the unit. In such cases, the new investment made for additional buildings/extension for operations of the unit will also be considered.
3.4	Extension / Renovation, Repair and Maintenance of Existing building (owned/ Leased /)	Building extension, Renovation, repair and maintenance will also be considered, if such activities are necessary for the smooth operations of the company. The investments will be considered based on the value captured in the books of Accounts of the company or based on the valuation of Chartered Engineers, whichever is lower
4	P&M	<ul style="list-style-type: none"> • All machinery and equipment that are essential for the operation of the company will be considered • All the items shall be brand new and certified by Chartered Engineer. The investments will be considered based on the value captured in the books of Accounts of the company or based on the valuation of Chartered Engineers, whichever is lower
5	Other fit out / bought out items	<ul style="list-style-type: none"> • All electrical items, Cost of transformer, costs of Industrial wiring including that for Generator Set and power connection costs to KSEB except security/caution deposit, fittings, plumbing items, essential equipments, safety equipment's etc, including Energy Generating equipments will be considered. • Vehicles purchased for the movement of man & Material of the unit will be considered (except Luxury cars purchased in the name of the company) • All testing equipment and pollution control devices, all investments on recycling of water,

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		<p>waste and rain harvesting if utilised for industrial purpose will also be considered</p> <ul style="list-style-type: none">● Fabricated items, furniture's & Fixtures etc will also be considered● Cost of purchase of Software, and other investments for Industry 4.0 will also be considered.● All the items shall be brand new and certified by Chartered Engineer. The investments shall be captured in the Books of accounts and duly certified by Chartered Accountant. <p>The above Investment will be considered based on the valuation of Chartered Engineer or the value as evidenced in the Books of Accounts, whichever is lower.</p>
<p>NB: *</p> <ol style="list-style-type: none">1. The investment in Land, land Development cost, building and essential office shall not exceed the sum of other eligible fixed capital investments admitted.2. All the claims submitted for assistance shall be capitalised in the book of Accounts of the company3. As this is a onetime incentive, application can be submitted only once. Once submitted for assistance, additional applications will not be entertained.		

E. Mode of Submission of Application Form & Processing Fee

Eligible applicant shall apply online, with all relevant supporting documents and remit the applicable processing fee. The processing fee shall be Rs.5000/- +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,
- 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.

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A. 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 proceedings 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.

B. 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.
- 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.

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- 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.

C. Obligations of the applicant

Subject to the eligibility criteria;

- All applications shall be submitted online only after starting commercial operation of the investment for which the claim is made.
- The applicant shall declare all information in the application submitted as true.
- The Applicant shall apply for the incentive within a period of two (2) years of commencement of commercial production (after expansion if applicable). In case of delay in submitting the application for subsidy within the stipulated period of 2 years due to genuine reasons, the Sanctioning Authority can give a maximum grace period of one year, based on a written request from the applicant.
- The applicant can apply only once.
- The applicant shall provide all required details to the Processing and Recommending officers and Sanctioning /Appellate Authority as the case may be, as and when required to do so. The applicant, if so required by the processing& recommending officers shall also allow inspection or verification of any details mentioned in the application including all assetsetc, by the processing& recommending officers or a third party authorised by the processing& recommending officers. The applicant shall produce originals of any documents if so required by the recommending/sanctioning officers or the authorised third party for verification.
- The eligible amount will be released directly to the Bank Account of the company, as specified in the application form.
- The unit shall be a working one as on date of release of the assistance.
- Units which receive the investment support will be under obligation to remain working continuously for five years from the date of commencement of commercial operation / date of Commencement of production after expansion. Prior approval of the recommending authority is mandatory for changing activity, ownership, name or location.
- The company after availing the assistance shall furnish/ upload via online the copies of balance sheets, valid license from local body, electricity bills, performance particulars in the prescribed proformaetc every year till the period stipulated in the agreement, before the 31st December of the next financial year, as proof of their functioning. The company should give its concurrence in writing to the sanctioning

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authority to obtain all relevant details through third party with regard to their investment and operational status.

D. Responsibility of the Certifying Chartered Engineers / Accountant

The application for subsidy assistance and its eligibility is determined /calculated predominantly based on the certificates issued by the certifying Chartered Engineers / Accountant. Therefore the certifying person shall take utmost care while checking the documents, verifying the records, valuing the assets and certifying the Investments made by the company. The certifying person shall provide all necessary additional clarifications and shall present in person during the time of physical verifications if so required by the recommending/sanctioning authority.

Any of the information / certification so supplied is found to be incorrect that results to the loss to the State Government or any other authority under them, the certifying person is liable to be explainable. If the explanations given by the certifying person are not found to be satisfactory, the certifying person will also be equally responsible for the loss to the Government. While appropriate steps will be taken to recover the loss incurred to the Government of Kerala from the applicant, the following action will be initiated against the certifying person;

- a) Debar such persons from certifying for the Government purpose
- b) Report the incident and the action taken by Government to the respective Registering Authority to appropriate action against that person

E. 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%.

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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.

F. General Guidelines

1. The assistance under the Scheme shall be released to the eligible company as a onetime assistance, depending on the eligibility of claims.
2. 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.
3. 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 and if required completely withdraw the Scheme, any point of time in part or in full
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.

G. 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

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H. 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.
