

Government of Himachal Pradesh  
Department of Industries(Section-A)

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No. Ind. A(F)6-3/2017

Dated: Shimla-2, the

17<sup>th</sup> July, 2018.

NOTIFICATION

In partial modification to this Department notification's No. Ind. A(F)6-7/2004 dated 30<sup>th</sup> December, 2004 notifying Industrial Policy 2004, Rules Regarding Grant of Incentives, Concessions and Facilities to Industrial Units in Himachal Pradesh, 2004 and Himachal Pradesh Industrial Renewal & Revival Scheme, 2004 and further subsequent amendments in the Rules Regarding Grant of Incentives, Concessions and Facilities to Industrial Units in Himachal Pradesh, 2004 notified vide Notification No. Ind. A(F)6-7/2004 dated 24<sup>th</sup> June, 2005, No. Ind-(F)6-7/2004-II dated 31<sup>st</sup> March 2008, No. Ind. A(F)8-2/2008 dated 19<sup>th</sup> September, 2008, No. Ind.A(F)6-3/2008 dated 07.02.2009 and No. Ind.A(F)6-3/2014-I dated 12<sup>th</sup> March, 2015 & 06-04-2017, the Governor, Himachal Pradesh is pleased to amend the clauses 3(i), (aa), (bb), (x), 4.1(c),(d), 6.2, 6.13, 6.15, 10.1, 10.1.1, 10.1.3(i), (ii), (iii), 10.2, 10.3(i), (ii), 10.4, 11, 12(a), 13, 15.3, 18.4, 22.1(ii), 26 and insertion of new clause Rule-4.1(f) in the "Rules Regarding Grant of Incentives, Concessions and Facilities to the Industrial Units in Himachal Pradesh, 2004" as appended at "Annexure-A". The chronological order of existing Rule shall be changed accordingly with immediate effect.

By Order

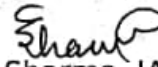
R.D. Dhiman, IAS  
Pr. Secretary (Industries) to the  
Government of Himachal Pradesh.

P.T.O.

Endst. No. Ind. A(F)6-3/2017 Dated: Shimla-02, 17-07-2018.

Copy forwarded to:-

1. All the Administrative Secretaries to the Government of H.P.
2. The Accountant General, Himachal Pradesh, Shimla-3.
3. The Sr. Deputy Accountant General, Himachal Pradesh, Shimla-3.
4. The Principal Secretary to the Chief Minister, H.P.-02.
5. The Private Secretary to the Chief Secretary, H.P. Shimla-02.
6. The Under Secretary (GAD) to the Govt. of H.P. w.r.t. their Item No. 46 for information.
7. The M.D., H.P. State Industrial Development Corporation, Shimla-01.
9. The Director of Industries, Himachal Pradesh, Shimla-01. He is requested to get the copies of amended Rules printed within 15 days positively & supply 20 copies to this office.
10. The Chief Executive Officer, HIMUDA, Shimla-2.
11. The Director of Environment, Science and Technology, Shimla.
12. The Joint Director(Inds.), S.W.C.A, Baddi, District Solan.
13. All G.M., District Industries Centre in Himachal Pradesh.
14. All Member Secretaries, Single Window Clearance System in H. P.
15. The Presidents of all Industrial Associations in H.P.
16. Guard file.

  
(Gopal Sharma, IAS)  
Special Secretary(Inds.) to the  
Govt. of Himachal Pradesh.  
Phone No. 2620325.

Proposed Amendments in Policy dated 17.07.2018 Annexure-"A" (अनुलग्नक "क")

Sr. No.	Existing Rules	Amendment Proposed	Justification
1.	3(i) "Fixed Capital Investment," (FCI) means the actual investment made in land, building, plant and machinery by an Industrial Enterprise.	"Fixed Capital Investment," (FCI) means the actual investment made in land, building, plant and machinery by an <u>Industrial Enterprise as on date of commencement of commercial production for new unit and date of commencement of commercial production after substantial expansion for existing unit as certified by Joint Director, SWCA, Baddi/concerned General Manager, DIC/Member Secretary, SWCAs.</u>	
2.	3(aa) 'Substantial Expansion' means an industrial enterprises engaged in manufacturing of goods existing before 01.04.2016, and which undertakes substantial expansion afterwards in accordance with the procedure prescribed, which is by	'Substantial Expansion' means an industrial enterprise(s) existing <u>before or as on 31.03.2018</u> and engaged in manufacturing of goods, and also undertakes substantial expansion afterwards <u>certified jointly by the concerned JDI, SWCA/ GM, DIC / DDI</u>	Earlier appointed date was 01.04.2016. Now the incentives to existing industrial enterprises undertaking

<p>way of increase in installed capacity of the existing enterprises by not less than 25% of the existing capacity as on 01.04.2016 and which should be the result of installation of additional plant and machinery and which comes into commercial production with such expanded capacity after 01.04.2016 with further fulfillment of following condition:</p> <p>It will be obligatory for the Industrial enterprises undergoing substantial expansion to employ at least 70% bonafide Himachalis on regular/contractual/sub-contractual/ daily basis or any other mode of employment against the additional manpower which may be generated as a result of substantial expansion.</p>	<p>and the representative of the Directorate of MSME, Chambaghat, Solan and the unit fulfills all of the following conditions:-</p> <ol style="list-style-type: none"> <li>1. <u>It leads to increase in at least 25% of the installed capacity as existed on 31.03.2018.</u></li> <li>2. <u>Additional capacity could be the result of installation of additional Plant &amp; machinery by or way of modernization / diversification.</u></li> <li>3. <u>Should come into commercial production with such expanded capacity after 01.04.2018.</u></li> <li>4. <u>It must employ at least 80% bonafide Himachalis on regular/contractual/sub-contractual/ daily basis or any other mode of employment including the person(s) hired through contractor or through outsourcing agencies against the additional manpower which may be generated as a result of substantial expansion.</u></li> </ol>	<p>substantial expansion shall be available from this date.</p>
		<p>BJP Government policy document mentions 80% employment to Himachali.</p>

<p>3 (bb) ("Partial Tax Exempted zone") means all Tribal areas notified by the competent authority of the State Government and include all Tribal Development Blocks and Development Blocks mentioned under this category in Rules. It will also include all Backward Panchayats categorized as C category areas under these Rules which may be located in Blocks categorized under the 'A' and 'B' Category Area of these Rules.</p>	<p>100% "SGST Reimbursement zone" would mean all Tribal areas notified by the competent authority of the State Government and include all Tribal Development Blocks and Development Blocks mentioned under this category in these rules. It will also include all Backward Panchayats categorized as 'C' category areas under these Rules which may be located in Blocks categorized under the 'A' and 'B' Category Area of these Rules.</p>	<p>"C" category areas are proposed for total reimbursement from SGST.</p>
<p>3 (x) "State Level Single Window Clearance and Monitoring Authority" means the Authority as constituted vide notification No. Ind. A (F) 2-1/2000 dated 22-01-04 of the State Industries Department, as amended from time to time.</p>	<p>3.(x) State Level Single Window Clearance and Monitoring Authority" means the Authority as defined under Himachal Pradesh Single Window (Investment Promotion &amp; Facilitation Act, 2018.</p>	<p>SLSWCA &amp; MA has been re-notified.</p>
<p>4.1(c) Provided further that the incentives as provided for under these rules will be available to the</p>	<p>Provided further that the incentives as provided for under these rules will be available to the eligible units as at (a)</p>	

eligible units as at (a) and (b) above, set up in the State only if it employs at least 70% of its total manpower, it employed whether on regular/contractual/Sub-contractual/daily basis/or any other mode from amongst the bonafide Himachalis in 'A' 'B' & 'C' category of Area respectively. The employment condition shall not be applicable to units employing only one employee, located anywhere in the State and in the self-employed ventures where the owner is running the unit without employing any manpower. In case of violation of this condition at any point of time during the period of admissibility of these incentives by any industrial unit no further incentive under these Rules will be admissible to the industrial unit and in such an event all incentives already availed by such units will be recovered and the unit will be liable

and (b) above, set up in the State only if it employs at all levels, at least 80% including the person(s) hired through contractor or through outsourcing agencies of its total manpower, it employed whether on regular/contractual/Sub-contractual/daily basis/or any other mode from amongst the bonafide Himachalis in 'A' 'B' & 'C' category of Area respectively. The employment condition shall not be applicable to units employing only one employee, located anywhere in the State and in the self-employed ventures where the owner is running the unit without employing any manpower. In case of violation of this condition at any point of time during the period of admissibility of these incentives by any industrial unit no further incentive under these Rules will be admissible to the industrial unit and in such an event all incentives already availed by such units will be recovered and the unit will be

BJP Government policy document mentions 80% employment to Himachali.

	<p>for stringent action including withdrawal of power connection to such defaulting units.</p>	<p>liable for stringent action including withdrawal of power connection to such defaulting units.</p>	
6	<p>4.1(d) Provided further that no unit (existing or new) shall be eligible for grant of incentives and concessions provided for under these Rules, if it has any outstanding dues of the Department of Industries and Excise and Taxation Department and is not having Udyog Aadhaar Memorandum duly verified by concerned JDI, SWCA, Baddi/ GM,DIC/ MS, SWCA or duly authorized officer of the Department of Industries.</p>	<p>Provided further that no unit (existing or new) shall be eligible for grant of incentives and concessions provided for under these Rules, if it has any outstanding dues of the Department of Industries and Excise &amp; Taxation Department and is not having Udyog Aadhaar Memorandum duly verified by concerned JDI, SWCA, Baddi/ GM,DIC/ MS, SWCA or duly authorized officer of the Department of Industries.</p>	
7.	<p>4.1(f)</p>	<p>In case of existing unit undertaking substantial expansion the incentives as provided under these rules by the</p>	<p>As incentives are being provided on substantial</p>

	<p>Department of Industries or any other concerned Department will be made available to the existing industrial unit from the date of commencement of commercial production with expanded capacity only after the substantial expansion is <u>certified jointly by the concerned JDI, SWCA/ GM, DIC / DDI and the representative of the Directorate of MSME, Chambaghat, Solan for this purpose.</u></p>	<p>expansion after a particular date, the existing capacity is to be frozen and expanded capacity is also to be taken on record.</p>
<p>8.</p>	<p>6.2 The premium for the allotment of land in Industrial Areas/Estates and Government Land in other areas for setting up of Industrial Enterprise(s) will be fixed on a year-to-year basis and made effective from 1<sup>st</sup> of April every year. The rate of premium will be fixed by the Committee consisting-of the ACS/Principal Secretary/Secretary (Industries) to the Government, Director of Industries and the Managing Director, HPSIDC Ltd. provided that the Department of Industries may allot land</p>	<p>As per the proposed definition of MSMEs, is being done on turnover basis.</p>
	<p>6.2 The premium for the allotment of land in Industrial Areas/Estates and Government Land in other areas for setting up of Industrial Enterprise(s) will be fixed on a year-to-year basis and made effective from 1<sup>st</sup> of April every year. The rate of premium will be fixed by the Committee consisting-of the ACS/Principal Secretary/Secretary (Industries) to the Government, Director of Industries and the Managing Director, HPSIDC Ltd. provided that the Department of Industries may allot land</p>	<p>As per the proposed definition of MSMEs, is being done on turnover basis.</p>



<p>provided that the Department of Industries may allot land after 01.04.2016 in Industrial Areas/other areas where available with the Department to <u>New Micro and Small industrial enterprises</u> or those industrial enterprises (excluding negative industries as defined under these Rules) engaged in manufacturing of goods which provide employment to at least 100 Himachalis set up after 01.04.2016 located in Category B &amp; Category C areas at a concessional rate of 50% of the rates fixed for that Industrial Area land by the Department of Industries.</p>	<p>after 01.04.2016 in Industrial Areas/other areas where available with the Department to <u>those industrial enterprises in which the investment in Plant &amp; Machinery is upto Rs. 5.00 Crores</u> or those industrial enterprises (excluding negative industries as defined under these Rules) engaged in manufacturing of goods which provide employment to at least 100 Himachalis set up after 01.04.2016 located in Category B &amp; Category C areas at a concessional rate of 50% of the rates fixed for that Industrial Area land by the Department of Industries.</p>	<p>As per the announcement made by the Hon'ble CM during</p>
<p>9.</p>	<p>6.13 a) In the following situation(s), transfer of the lease hold rights of the plot(s) or a portion thereof where the lease deed has been executed will be permitted by the Director</p>	<p>6.13 a) In the following situation(s), transfer of the lease hold rights of the plot(s) or a portion thereof where the lease deed has been executed will be permitted by the Director subject to payment of</p>

<p>subject to payment of balance premium due in addition to an unearned increase in premium (i.e. difference between the rates applicable at the time of transfer and allotment) as under:-</p> <p>i)** In the event an Industrial Enterprise has not been set up or has not commenced commercial production, 50% of the unearned increase in premium shall be realized.</p> <p>ii) ** In the event an Industrial Enterprise has been in commercial production for a minimum period of five years, the unearned increase in premium shall be realized at the rate of 20%.</p>	<p>balance premium due in addition to an unearned increase in premium (i.e. difference between the rates applicable at the time of transfer and allotment) as under:-</p> <p>i)** In the event an Industrial Enterprise has not been set up or has not commenced commercial production, <u>20%</u> of the unearned increase in premium shall be realized.</p> <p>ii)** In the event an Industrial Enterprise has been in commercial production for a period less than five years, the unearned increase in premium shall be realized at the rate of <u>10%</u>, provided, the transferor Industrial Enterprise has either not availed of any incentive or has returned the incentives availed which were</p>	<p>interaction with Industrial Associations</p>
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<p>iii)** In the event an Industrial Enterprise has been in commercial production for a period less than five years, the unearned increase in premium shall be realized at the rate of 30%, provided, the transferor Industrial Enterprise has either not availed of any incentive or has returned the incentives availed which were conditional upon running the Industrial Enterprise for a specified minimum period.</p> <p>b) In the event of the transfer of the plot to a new Industrial Enterprise/promoter on account of the Industrial Enterprise being taken over and sold under Section 29 of the State Financial Corporations (SFCs) Act, 1951 by Himachal Pradesh Finance Corporation Ltd. or Himachal Pradesh State Industrial</p>	<p>conditional upon running the Industrial Enterprise for a specified minimum period.</p> <p>iii)** <u>In the event an Industrial Enterprise has been in commercial production for a minimum period of five years, the unearned increase in premium shall be realized at the rate of 5%.</u></p> <p>b) In the event of the transfer of the plot to a new Industrial Enterprise/promoter on account of the Industrial Enterprise being taken over and sold under Section 29 of the State Financial Corporations (SFCs) Act, 1951 by Himachal Pradesh Finance Corporation Ltd. or Himachal Pradesh State Industrial Development Corporation Ltd. or under orders of Board of Industrial Finance and Reconstruction and</p>
<p>b) In the event of the transfer of the plot to a new Industrial Enterprise/promoter on account of the Industrial Enterprise being taken over and sold under Section 29 of the State Financial Corporations (SFCs) Act, 1951 by Himachal Pradesh Finance Corporation Ltd. or Himachal Pradesh State Industrial</p>	<p>Finance and Reconstruction and</p>

	<p>Development Corporation Ltd. or under orders of Board of Industrial Finance and Reconstruction and the new promoter revives/continues with the same Industrial Enterprise as existed prior to take over by HPFC/HPSIDC or sets up a new Industrial Enterprise, instead of charging unearned premium only a processing fee as indicated in para 6.12 (a) above will be charged.</p>	<p>the new promoter revives/continues with the same Industrial Enterprise as existed prior to take over by HPFC/HPSIDC or sets up a new Industrial Enterprise, instead of charging unearned premium only a processing fee as indicated in para 6.12 (a) above will be charged.</p>	
10.	<p>HPFC/HPSIDC or sets up a new Industrial Enterprise, instead of charging unearned premium only a processing fee as indicated in para 6.12 (a) above will be charged.</p>	<p>6.15 An allottee, after commencement of commercial production may be allowed by the Director or any other officer authorized by him to rent out not more than 49% of approved built up area of land/plot which is surplus to</p>	<p>This is as per long pending demand of Industrial Associations.</p>

his own requirement, for setting up of Industrial Enterprise(s) after charging one time processing fee equivalent to 10% of unearned increase in premium (i.e. difference between the rates applicable at the time of transfer and allotment), subject to maximum of Rs. 50,000/-, Rs. 20,000/- and Rs. 10,000/- in 'A', 'B' and 'C' category Areas respectively in each case and in addition an allottee will also pay monthly rental @ Rs. 2.00 per Sq. Feet on built up rented area in 'A' category area and Municipal area and @ Rs. 1.00 per Sq. feet on built up rented area in 'B' and 'C' category area excluding Municipal Area. Such permission will be given only for setting up of not more than two Industrial Enterprise in the rented premises for manufacturing the new item(s) (other than those being manufactured in the existing

requirement, for setting up of Industrial Enterprise(s) after charging one time processing fee equivalent to 10% of unearned increase in premium (i.e. difference between the rates applicable at the time of transfer and allotment), subject to maximum of Rs. 50,000/-, Rs. 20,000/- and Rs. 10,000/- in 'A', 'B' and 'C' category Areas respectively in each case.

Such permission will be given only for setting up of not more than two Industrial Enterprise in the rented premises for manufacturing the new item(s) (other than those being manufactured in the existing Enterprise). The existing Industrial Enterprise of the allottee should be in production for at least one year and also have no objection certificate from the Financial Institution(s) having any charge on land/plot and assets of the Industrial Enterprise of the allottee. Permission to rent out premises shall

	<p>Enterprise). The existing Industrial Enterprise of the allottee should be in production for at least one year and also have no objection certificate from the Financial Institution(s) having any charge on land/plot and assets of the Industrial Enterprise of the allottee. Permission to rent out premises shall be given initially for a period not exceeding 10 years at a time, which may be renewed by charging processing fee applicable at the time of renewal. Such permission will be deemed to have been withdrawn in case the original allottee or the hirer of the allottee closes down its Industrial Enterprise for a period lasting for more than 12 months continuously.</p>	<p>be given initially for a period not exceeding 10 years at a time, which may be renewed by charging processing fee applicable at the time of renewal. Such permission will be deemed to have been withdrawn in case the original allottee or the hirer of the allottee closes down its Industrial Enterprise for a period lasting for more than 12 months continuously.</p>
<p><b>11. 10 SALES TAX CONCESSIONS:</b></p> <p><b>10.1*</b> The following Tax incentives or as may be notified by the concerned Department from</p>	<p><b>10 SGST Reimbursement:</b></p> <p><b>10.1</b> <u>The following tax incentives would be provided subject to fulfillment of the eligibility conditions laid down in these rules and also under</u></p>	

<p>time to time would be provided subject to their fulfilling the eligibility conditions as laid down elsewhere in these rules. This incentive would be further subject to the condition that the maximum limit of incentive to be given under this rule would be restricted to the approved capacity as on record and as certified by the Director of Industries or any other officer so authorized by him:</p> <p>All new industrial unit(s) set up after the date of this notification including existing industrial units which have commenced production upto the date of this notification and undergo substantial expansion after the date of this notification(only after prior approval of Director Industries or any other officer authorized by</p>	<p><u>the relevant rules of concerned Department. This incentive would be further subject to the condition that maximum limit of incentives to be given under these rules would be restricted to the approved capacities taken on record and as certified jointly by the concerned JDI, SWCA/GM, DIC/ DDI along with the representative of the Directorate of MSME, Chambaghat, Solan for this purpose.</u></p> <p><u>10.2 New Industrial units including units undertaking substantial expansion as defined in these rules except for units listed in the Negative list (Annexure-III of these rules), set up or has undertaken substantial expansion after 31<sup>st</sup> March, 2018 shall be entitled to the incentive of annual reimbursement of SGST as per Rule 10.2.1. In addition, the units which were getting benefits under rule 10.1.3 and rule 19 of the existing "Rules regarding grant of incentives, concessions and facilities to industrial units in</u></p>	<p>After the introduction of GST, tax incentives are revised.</p>
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him) in the Category "C" areas of the State, as notified from time to time, shall be exempted as follows from payment of State taxes (excluding levies in the shape of cess, fees, royalties etc.) for a period of 7 years from the date of commencement of commercial production or the date of notification by the concerned Department(s), whichever is later. The total amount to be so exempted shall be limited to 80% and 60% of the total fixed capital investment i.e. investment made in building, plant & machinery in tribal areas and backward panchayats respectively as per the table & conditions listed below:-

Eligible Area	Limit of exemption	Period of exemption
Tribal area	1) 80 % of the total FCI	7 years
	2) (Total of all taxes)	

Himachal Pradesh, 2004 " as amended upto 06/04/2017 would also be provided the same benefits for the remaining period of their eligibility to be certified by the Department of State Excise and Taxation.

**10.2.1 New Industries and existing undertaking substantial expansion**

Sr. No.	Category	SGST reimbursement	Period	Max Limit
1.	A	20%	5 years	60% of FCI
2.	B	35%	8 years	70% of FCI
3.	C	100%	10 years	80% of FCI

However this incentive shall be subject to the unit satisfying following conditions of eligibility.



Backward Panchayat	1) 60% of the total FCI	7 years
	2) (Total of all taxes)	

However, this incentive will be subject to the unit satisfying following conditions of eligibility:-

- 1) Quantum of the incentive would be available on the VAT & CST payable per annum.
- 2) Fixed Capital Investment (FCI) shall mean the investment incurred on Building, Plant & Machinery.
- 3) The availment of incentives shall cease either on the exhaustion of the applicable quantum or on the completion of the eligible period, whichever is earlier.

1. Quantum of incentive would be available only on net SGST paid and deposited per annum by the eligible unit.
2. The availment of incentive shall cease either on exhaustion of the applicable quantum or on the completion of the eligibility period, whichever is earlier.
3. The actual FCI as defined in these rules and as reflected in verified UAM/commencement of commercial production certificate shall have to be certified by the Chartered Accountant.
4. In case of any false declaration or non eligibility the amount of incentive so availed shall be liable to be recovered along with 12% compound interest per annum and penalty as decided by the State Government.

<p>4)The actual Fixed Capital Investment (FCI) as reflected in the Financial Institution / Bank Appraisal Project Report shall have to be certified by a Chartered Accountant.</p> <p>5)If any false declaration is given for the purpose of availing incentives or if the unit is found not eligible, the amount of incentives so availed shall be liable to be recovered along with interest and penalty.</p> <p>6)The eligible unit has obtained a certificate in the prescribed form from the General Manager. District Industries Centre of the Department of Industries of the Government of Himachal Pradesh where the industrial unit is registered or the other case from the Director of Industries, Himachal Pradesh or his nominee duly authorized, in writing, in this</p>	<p>5. <u>The eligible unit has obtained verified Udyog Aadhar Memorandum (UAM)/ commencement of commercial production certificate from the authorized officers of the Department of Industries, Government of Himachal Pradesh. The eligible unit will obtain a certificate of eligibility from authorized officers of the Department of Industries and has also obtained certificate of recommendation clearly mentioning the amount of net SGST paid and deposited with the Department of State Excise &amp; Taxation, Himachal Pradesh and there is no dispute as regard paid amount deposited with the assessing authorities.</u></p> <p><u>Assessing authorities while working out the net SGST paid will take into account the</u></p>
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behalf, and has furnished the same certificate to the Assessing Authority for the grant of the certificate in form to be prescribed by Department of Excise & Taxation H.P. in reference to the notification.

7) These incentives shall commence only after the unit commences commercial production.

8) Government of India is in the process of introducing a uniform Goods and Services Tax (GST) regime throughout the country. In this event the benefits so granted or being availed may be subject to modification/s by the state Government to bring it in conformity with the GST regime.

9) All the goods should not only be manufactured but also sold by the dealers, (manufacturers) themselves and it shall not be open for finished goods purchased

entire transactions made till the final consumption of goods in the State of Himachal Pradesh.

6. These incentives would be available only after the verified date of Commencement of Commercial Production(CoP) for new unit and from the re-verified date of COP in case of substantial expansion for existing enterprises provided the enterprise has obtained a certificate of substantial expansion from Committee as mentioned in rule 4.1(f) of these rules.

7. All goods should be manufactured and sold by the manufactures themselves and this incentive shall not be admissible for finished goods purchased or acquired by any Industrial unit for resale in Himachal Pradesh.

<p>or acquired by concerned industrial units for re-sale in Himachal Pradesh.</p> <p>10) The unit must have been registered as a dealer under the Himachal Pradesh Value Added Tax Act, 2005, for manufacture of goods for sale.</p> <p>11) The unit (registered dealer) complies with the provisions of (a) the Himachal Pradesh Value Added Tax Act, 2005, (b) the Central Sales Tax Act, 1956, and (c) the rules, including the scheme, if any made, the notification, and orders issued, under these Acts.</p> <p>12) The unit is located in the Category 'C' areas and employs at least 70 percent of its total manpower employment from amongst the bonafide Himachalis. In case of any violation of this condition at any point of time</p>	<p>8. <u>The enterprise must have been registered under GST Act for manufacture &amp; sale of goods.</u></p> <p>9. <u>The unit must have been granted an eligibility certificate in form to be prescribed by the Department of Industries in reference to this notification.</u></p> <p>10. <u>This eligibility certificate will remain operative on annual basis till it has not been withdrawn or cancelled by the Director of Industries or it is not quashed in any appellate, revisional or other proceedings and</u></p> <p><u>Explanation:</u></p> <p>1. <u>New Industrial enterprise means enterprise as defined under these rules.</u></p> <p>2. <u>Existing enterprise means an Industrial enterprise as defined under these rules.</u></p>
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during this period by the concerned Industrial unit, no further exemption will be admissible to it and in such an event all incentives already availed by such unit will be recovered and such unit will be liable for action as applicable under the Act.

13) Any dealer who was enjoying the benefit of exemption under the notification No. EXN-F(1)2/2004(i) dated 30.03.2005 issued under Section 42 of the Himachal Pradesh General Sales Tax Act, 1968 and EXN-F(11)-5/2004 dated 19.01.06 of the Himachal Pradesh Value added Tax Act, 2005 and who would have continued to be eligible for such exemption on the date of the commencement of this notification shall continue to avail the benefit of the exemption from

3. The unit should not be engaged in activities as listed in Annexure- III of the Negative list of these rules.

4. The unit should submit reimbursement claim to the Department of Industries on annual basis and with in a period of three months i.e by 30<sup>th</sup>, June every eligible year.

payment of tax on the sale of manufactured goods for the unexpired period as per the conditions applicable vide the above said notifications.

14) The unit must have been granted the certificate in form to be prescribed by Department of Excise & Taxation H.P. in reference to the notification by the Assessing Authority.

15) The certificate in Form to be prescribed by Department of Excise & Taxation H.P. as reference to the notification continues to remain operative and it has not been withdrawn or cancelled by the prescribed authority or is not annulled or quashed in any appellate, revisional or other proceedings.

**Explanation I-** The employment condition specified in sub-para (12) shall not be applicable to

new industrial units employment only one employee located anywhere in the tax free industrial zone and the units which are self-employed ventures where the owner is running the unit without employing any manpower.

**Explanation II-** For the purpose of this notification :- "Category 'C' areas" as defined at Annexure 'C' appended to this notification means all tribal areas notified by the competent authority and includes all Tribal Development Blocks and Development Blocks mentioned under this category in the Rules Regarding Grant of Incentives, Concessions and Facilities to Industrial units in H.P. 2004.

(i) 'new industrial unit' means an industrial unit located in Himachal Pradesh which

commenced/commences commercial production on or from the date of this notification, whichever is later, but will not include any industrial unit which is formed as a result of re-establishment, mere change of ownership, change in the constitution, restructuring or revival of an existing industrial unit.

The unit has not been included in the negative list. The expression 'negative list' shall have the same meaning as assigned to it by the notification of Department of Excise & Taxation vide No. EXN-F(1)2/2004(iii) dated 30<sup>th</sup> March, 2005.



12.	<p><b>10.1(1)**</b> For existing industrial units set up in category "C" areas and commencing commercial production after the date of the notification No. Ind-A(6)-3/2014-I dated 12.03.2015 Sales Tax incentives, that is partial exemption from the payment of C.S./VAT will be admissible from the date of their commencement of production as per the provision made under Rule-19 of these Rules.</p>	<p style="text-align: center;">To be Omitted</p>	
13.	<p><b>10.1.3(i) *</b> Except for industries listed in the Negative List (Annexure -III of these Rules), New Industrial Units set up after the appointed day as specified under these Rules shall be entitled to the incentive of deferment of 100% VAT for a period of 8 years in Category 'B' areas and for a period of 5 years for such units in category 'A' areas.</p>	<p style="text-align: center;">To be Omitted</p>	

14.	<p>ii)* Existing industrial units, except for industries listed in the Negative list (Annexure -III of these Rules), which have been set up (i.e. commenced commercial production) before 7/01/2003, and which after the approval of Director of Industries or any other officer so authorised by him, undertake substantial expansion only after 7/01/2003, as defined under these Rules, shall be entitled to the incentive of deferment of 75% VAT for a period of 8 years in category B areas and for a period of 5 years for such units in category 'A' areas.</p>	<p>To be Omitted</p>	
15.	<p>iii)* The benefit as at para (i) and (ii) above will however be subject to furnishing of Security /bank guarantee to the satisfaction of the Excise &amp; Taxation Department of Government of Himachal Pradesh. The VAT so deferred for 8 years of 5 years as the case may be shall</p>		

	<p>become due for payment after a period of 5 years from its collection.</p> <p>This means that the tax collected in the 1<sup>st</sup> year shall be payable in the 6<sup>th</sup> year, second year in the 7<sup>th</sup> year and so on. 25 % of the VAT liability as and when due in case of existing units undertaking substantial expansion (as at para (ii) above) will however continue to be deposited with the State Government as prescribed by relevant law/statute.</p>	<p style="text-align: center;">To be Omitted</p>
<p>16.</p>	<p>10.2 The G.S.T. on the raw material, processing and packaging material except timber, shale and limestone used by the existing and new industrial units (as defined under these Rules) unless provided otherwise elsewhere under these Rules, for captive manufacturing within the State shall be leviable at a concessional rate of 1% upto 31-03-2013.</p>	<p style="text-align: center;">To be Omitted</p>

17.	<p><b>10.3(i)*</b> Concessional Central Sales Tax at a rate of 1.5% of the taxable turnover of such goods with effect from 1st April, 2013 for a period of five years or till the implementation of the Goods and Services Tax, whichever is earlier shall be leviable on the goods manufactured by existing Industrial Units which have commenced commercial production on or before 31.03.2013. This incentive will not be provided to Industrial Unit engaged in the production of breweries, distilleries, non-fruit based wineries and bottling plants (both for country liquor and Indian made foreign Liquor).</p>	<p style="text-align: center;">To be Omitted</p>	
18.	<p><b>(ii)**</b> Central Sale Tax at a concessional rate of 1% shall be levied on the goods manufactured by new industrial units commencing commercial production on or after 1st April, 2013 with effect from the</p>		

	<p>date of commencing commercial production. For industrial units which have commenced commercial production on or before 31.03.2013 and which carry out substantial expansion on or after 1st April, 2013 this incentive will be admissible with effect from commencing commercial production of the expanded capacity, for a period of five years or till the implementation of the Goods &amp; Services Tax, whichever is earlier. This incentive will not be provided to Industrial Unit engaged in the production of breweries, distilleries, non-fruit based wineries and bottling plants (both for country liquor and Indian made foreign Liquor).</p>	<p>To be Omitted</p>	
19.	<p><b>10.4</b> The concessions provided under this rule will commence from the date of commencement of commercial production or from the date of notification issued by the Department of Excise and Taxation (wherever required), whichever is later.</p>	<p>To be Omitted</p>	

20.	11. ADDITIONAL INCENTIVES TO SPECIAL CATEGORY OF ENTREPRENEURS FOR SETTING UP OF NEW INDUSTRIAL ENTERPRISE(S) IN MICRO AND SMALL SECTORS	11. ADDITIONAL INCENTIVES TO SPECIAL CATEGORY OF ENTREPRENEURS FOR SETTING UP OF NEW INDUSTRIAL ENTERPRISE(S) IN WHICH THE INVESTMENT IN PLANT & MACHINERY IS UPTO RS. 5.00 CRORES	
21.	<p>12(a) Reimbursement of cost incurred for shipment of export samples by Micro &amp; Small EOUs from the nearest port/container depot to the port of destination with a ceiling of Rs. 15000/- per consignment, subject to a maximum Rs. 50,000/- per Enterprise during its period of operation.</p> <p>(b) Market development assistance to Micro &amp; Small EOUs</p> <p>i) Reimbursement of 50% of the cost incurred on publishing export marketing brochures and product literature with a ceiling of Rs.15,000/- per Enterprise during a financial year.</p>	<p>12(a) Reimbursement of cost incurred for shipment of export samples by <u>EOUs having investment in plant &amp; machinery upto Rs. 5.00 Crores</u> from the nearest port/container depot to the port of destination with a ceiling of <u>Rs. 1,00,000/- per consignment, subject to a maximum Rs. 3,00,000/- per Enterprise during its period of operation.</u></p> <p>(b) Market development assistance to units <u>having investment in plant &amp; machinery upto Rs. 5.00 Crores</u></p> <p>i) Reimbursement of 50% of the cost incurred on publishing export marketing brochures and product literature with a <u>ceiling of Rs.1,00,000/-</u> per Enterprise during</p>	The existing provisions were made in the year 2004 and needs revision in the present scenario.

	<p>ii) Reimbursement of 50% of the cost of participating in the relevant overseas trade fairs approved by the Trade Fair Authority of India/State Government with a ceiling of Rs.25, 000/- per enterprise during a financial year.</p>	<p>a financial year.</p> <p>ii) Reimbursement of 50% of the cost of participating in the relevant overseas trade fairs approved by the Trade Fair Authority of India/State Government with a ceiling of <u>Rs.2,00,000/-</u> per enterprise during a financial year.</p>													
<p>22.</p>	<p>13 STATE AWARD SCHEME FOR EXPORTS, PRODUCTIVITY, QUALITY AND OUTSTANDING PERFORMANCE IN HANDICRAFT AND HANDLOOM SECTOR TO MICRO AND SMALL ENTERPRISES:</p>	<p>13 STATE AWARD SCHEME FOR EXPORTS, PRODUCTIVITY, QUALITY AND OUTSTANDING PERFORMANCE IN HANDICRAFT AND HANDLOOM SECTOR UNITS HAVING INVESTMENT IN PLANT &amp; MACHINERY UPTO RS. 5.00 CRORES</p>	<p>The existing provisions were made in the year 2004 and needs revision in the present scenario.</p>												
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	<p>b. 2nd award comprising trophy, certificate and cash award of Rs. 75,000/-</p> <p>c. 3rd award consisting of commendation certificate and cash award of Rs. 50,000/-</p>	sector.
<p>These awards will be given each year on the basis of selection made by a Committee headed by the Director.</p>		
23.	<p>15.3 New Thrust Industrial Enterprises based on Horticulture/Vegetable /Maize/ herbal produce enterprises and located in 'B' and 'C' category areas shall be entitled for the following additional incentives:</p> <p>a) Total exemption from the payment of Electricity Duty for a period of 10 years from the date of commencement of production.</p>	<p>To be Omitted</p>

24.	<p>18.4 The following incentives and concessions will be available to such New Enterprises registered on permanent basis as a Specified Category of Activities:</p> <p>i) Concessional rate of Electricity Duty @ 10 Paise per unit for a period of 5 years from the date of commencement of commercial production.</p> <p>v) Exemption from the payment of Luxury Tax and Entertainment Tax (as applicable) for a period of 5 years from the date of commencement of commercial production.</p>	To be Omitted	
25.	22.1 (ii) Concessional rate of Electricity Duty @ 10 Paise per unit for a period of 5 years from the date of commencement of operation.	To be Omitted	
26.	<p>26 Interest Subvention: The new Startups as defined under the "Chief Minister New Industries/Startups/Innovation</p>	<p>Interest Subvention: The new Startups as defined under the "Chief Minister New Industries/Startups/Innovation Projects</p>	<p>it is difficult for a Micro level unit to employ five persons.</p>

<p>Projects Scheme" as notified vide notification No. Ind.-II(F)12-3/2015 dated 15.11.2016 by the State Government in Micro sector which commence production on or after 01.04.2016 and having investment upto Rs. 25.0 lakhs in plant and machinery which employ at least 5 persons and on continuous basis and have taken loan from any scheduled nationalized banks/ co-operative banks will be provided interest subvention @ 5% upto a loan of Rs. 25.00 Lakhs for 3 years. This interest subvention shall not be admissible on defaulted/ rescheduled installments and the period of default shall be counted from determining the period of eligibility. This subvention will be given directly to the banks. Start Ups assisted under Prime Minister Employment Generation Programme (PMEGP) scheme will also be eligible for interest subvention.</p>	<p>Scheme" as notified vide notification No. Ind.-II(F)12-3/2015 dated 15.11.2016 by the State Government in micro sector which commence production on or after 01.04.2016 and having investment upto Rs. 25.0 lakhs in plant and machinery which employ <u>at least 2 persons including the promoter</u> and on continuous basis and have taken loan from any scheduled nationalized banks/ co-operative banks will be provided interest subvention @ 5% upto a loan of Rs. 25.00 Lakhs for 3 years. This interest subvention shall not be admissible on defaulted/ rescheduled installments and the period of default shall be counted from determining the period of eligibility. This subvention will be given directly to the banks. Start Ups assisted under Prime Minister Employment Generation Programme (PMEGP) scheme will also be eligible for interest subvention.</p>
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