

HARYANA GOVERNMENT
INDUSTRIES AND COMMERCE DEPARTMENT

Notification

The 6th February, 2013

Scheme for Grant of Interest-free Loan

(Refer Chapter 10 of the Industrial & Investment Policy 2011)

No. 49/100/2010-4IB-1.—Whereas the Government has announced its new 'Industrial & Investment Policy-2011' vide Notification bearing No. 49/100/2010-4IB-1, dated 31st December, 2010, effective from 1st January, 2011.

2. Whereas Chapter 10 of the said Policy detailing the 'Scheme of Incentives', as modified vide notification dated 14.09.2012, provides for grant of the incentive of Interest Free Loan (IFL) for (i) the mega projects set up in the Backward Areas, (ii) the Micro, Small and Medium Enterprises set up in Backward Areas (category B & C Blocks), and (iii) the Agro-based and food processing industries throughout the State, in order to attract domestic as well as foreign direct investment and for dispersal of industry to backward areas (category B & C Blocks);

3. Now, therefore, the Governor of Haryana is pleased to formulate a Scheme for the grant of Interest Free Loan to the eligible categories of industrial units. The salient features of the scheme are as under:-

Sr. No.	Nature of the project	Quantum of IFL	Eligible Period for grant of IFL	Due date for Repayment
1.	Mega Projects in Backward Areas (Subject to upfront approval by the HIPB)	50% of VAT deposited	7 years from the date of commercial production	5 years from the date of grant of IFL
2.	New MSMEs in Backward areas (categories in B & C Blocks)	50% of VAT deposited	5 years from the date of commercial production	5 years from the date of grant of IFL
3.	Agro-based food processing units	75% of VAT deposited	5 years from the date of commercial production	5 years from the date of grant of IFL

4. Explanations:

- (i) **Mega projects:** The entitlement of IFL incentive for Mega Projects shall be in terms of provisions contained in para 10.2 of the Policy;

- (ii) **MSME Units:** The MSME units set up in backward areas (category 'B' and 'C' Blocks) and registered as such with the Department of Industries Haryana in the office of GM, DIC of the concerned district.
- (iii) **Agro-based food processing units:** Throughout the state.
- (iv) **Commercial Production:** Means and refers to the date of first sale bill issued by the industrial unit.
- (v) **Due date for repayment:** Means the date falling on the expiry of 5 years period from the date on which the IFL was released. For example, if an IFL of Rs. 1.00 crore is paid on 31.3.2012, the same will be due for repayment and recoverable on or before 31.3.2017. Similarly, if an IFL of Rs. 2.00 crore is paid on 31.3.2013, the same will be due for repayment and recoverable on or before 31.3.2018 and so on.
- (vi) **Interest on default:** A unit which has availed of the IFL and defaults in making repayment on due date as mentioned in sub-para (v) above, it will be liable to pay interest as provided here under:

(a)	Repayment on or before the due date	No interest. The industrial unit would deposit the amount under the head "6851-Loans for Village & Small Industries-800-Other Loans"
(b)	Repayment within a period of 30 days after the due date	Interest @ 12% per annum on the amount of default for the period of default.
(c)	Repayment within 31 days to 60 days counted from the due date	Interest @ 15% per annum on the amount of default for the period of default.
(d)	Repayment after 60 days counted from the due date but up to 90 days	Interest @ 18% per annum on the amount of default for the period of default.
(e)	Repayment after 90 days counted from the due date	The IFL would be treated as cancelled and the due amount would be recoverable as arrears of land revenue along with interest @ 18% per annum for the entire period.

5. Eligibility:

- (i) Mega Projects, Micro, Small and Medium Enterprises, and the food processing industrial units shall be eligible for interest free loan on the basis of eligibility certificate issued by Excise & Taxation Department in the format enclosed as Annexure-II.

- (ii) The eligibility certificate shall be issued by Excise & Taxation Department on the basis of the actual tax paid by these industrial units in respect of the sale of goods within the state of Haryana produced in the units.
- (iii) The new industrial units would mean the units which come into production on or after 1.1.2011. The cases of eligible units which came into production up to 31.12.2010 would be governed by the earlier scheme of Interest Free Loan (IFL).

6. Non Applicability of the Scheme:

The scheme shall not be applicable to the projects covered under the Restrictive List of Industries (Annexure-2 of the Policy) notified under the Industrial & Investment Policy-2011. In the case of Agro based Food Processing Units, the intent of the Government is to encourage the manufacturing/ production of low-shelf life value added items. Therefore, the units manufacturing the following products will not be eligible for the grant of incentive of Interest Free Loan (IFL):

- (i) Extraction of Oil from different kinds of seeds;
- (ii) All kinds of Pulses/ daals;
- (iii) Shelling, grading and polishing etc. of rice;
- (iv) Processing of cotton and manufacturing of cotton based products;
- (v) Guar and guar-gum units;
- (vi) Manufacturing/ processing of flour, Suji, Maida etc.

7. Procedure:

- (i) The eligible industrial unit shall submit application in triplicate (in the prescribed proforma) to the General Manager/ Joint Director, District Industries Centre of the concerned district for sanction/ payment of IFL against the tax paid by it under the Haryana Value Added Tax (VAT) along with a copy of quarterly returns filed in the department of Excise and Taxation, as per the provisions of the VAT Act. The eligibility of the industrial unit will be determined on the basis of actual tax paid in the whole year subject to the fulfilment of provisions of sub-rule 6(a) of Rule 69 of Haryana Value Added Tax Rules, 2003.
- (ii) The General Manager/ Joint Director, District Industries Centre of the concerned district will examine and forward the applications after verification within a period of 15 working days, in duplicate, to the Director of Industries & Commerce, Haryana who will forward one set of

the application to the Excise and Taxation department for issue of eligibility certificate in the format enclosed as Annexure-A. On receipt of the eligibility certificate, the Director of Industries, Haryana will sanction the IFL equivalent to the amount mentioned in the eligibility certificate, in the prescribed format enclosed as Annexure-B. This process will be completed within a period of 30 days of the receipt of the application from the eligible industrial units for the grant of IFL.

- (iii) The Director, Industries & Commerce, Haryana would get the requisite provisions made in the annual budget on the basis of the estimated tax liability of industrial units for the year.

8. Security:

The eligible industrial unit will furnish Bank Guarantee equivalent to the loan amount, valid for a period of 66 months from the date of grant of IFL.

9. Powers to Sanction:

- (i) In the case of Mega Projects, the entitlement would be worked out on the basis of the scheme of incentives approved by the Haryana Investment Promotion Board. The Director, Industries & Commerce, Haryana, shall have full powers to sanction IFL against the Sales Tax paid under the Haryana Value Added Tax to the extent of the eligibility certificate issued in the favour of the eligible industrial units by the Department of Excise & Taxation, Haryana.
- (ii) In case of any ambiguity with regard to the applicability of the Scheme of Incentives in respect of a particular product/ unit, the decision of the Government in the Industries & Commerce Department would be final.

10. Powers to recover the Loan:

Director, Industries & Commerce, Haryana, either by himself or through his officers so authorised by him, would be responsible for recovery of the loan amount. The Director would further be competent to recover the loan in case of default as arrears of land revenue under the provisions of Haryana Public Money Recovery Act.

11. Appeal:

An appeal against the decision of Director, Industries & Commerce, Haryana regarding sanctioning of loan or recovery thereof shall lie before the

Principal Secretary to Government of Haryana, Industries & Commerce Department. All matters requiring clarification/ explanation will be referred to the Secretary Industries, Haryana and his decision on such matters would be final.

This issues with the concurrence of the Finance Department conveyed vide their U.O.No.1/48/2005-1FDIII/2435 dated 28.12.2010 and U.O. No. 1/48/2005 - 1FDIII/2011 dated 3/4 .5.2011.

Y. S. MALIK,

Principal Secretary to Government Haryana,
Industries and Commerce Department.

10. Total fixed investment in Land, building and Plant & Machinery	9. Whether established under a licence from Govt. of India under the Industries Development and Regulation Act, 1951, if so give details.	8. Whether registered with Government of India as Large Unit or with Department of Industries, Haryana as MSME if so registration number and date.	7. The category under which it is being applied (i) MSME in backward area (ii) MSME in backward area (category in B DC District) (iii) Agro-based food processing	6. Number of persons employed	5. Date of commercial production. (Attach copy of first sale bill as proof)	4. Name of goods produced manufactured.	3. Constitution of the unit (i) Company (ii) Partnership (iii) Proprietorship	2. Location of the unit	1. Name of the applicant unit

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Proforma

Application for claiming Interest Free Loan in Lieu of Tax Paid Under Haryana Value Added Tax Act-2003 under the Industrial & Investment Policy-2011.

To

The General Manager/ Joint Director,
District Industries Centre,

Dear Sir,

I _____ Director/ Partner/ Proprietor of M/s _____ hereby apply for a loan of Rs. _____ under the Scheme of Interest Free Loan (IFL) against Value Added Tax (VAT).

2. The particulars of my/our industrial unit are as under :-

1.	Name of the applicant unit with address	
2.	Location of the unit	
3.	Constitution of the unit	(i) Company (ii) Partnership (iii) Proprietorship
4.	Name of goods/ products manufactured.	
5.	Date of commercial production. (Attach copy of first sale bill as proof)	
6.	Number of persons employed	
7.	The category under which IFL is being applied.	(i) Mega unit in backward areas (ii) MSME in backward area (categories in B & C Blocks). (iii) Agro-based food processing
8.	Whether unit registered with Government of India as Large Unit or with Department of Industries, Haryana as MSME? If so, registration number and date.	
9.	Whether established under a license from Govt. of India under the Industries Development and Regulations Act, 1951, if so give details.	
10.	Total fixed Investment in Land, Building, and Plant &	

	Machinery			
11.	Loans raised	Amount outstanding	Security offered	
	i) Term Loan			
	ii) Working capital loan			
	iii) other loans			
12.	Whether registered with Haryana Excise & Taxation Department, if so give Registration No. and Date	CST No.	VAT No.	
13.	Whether all sales are being effected from Haryana, if no, give details			
14.	Amount of Tax paid under Value Added Tax (VAT) for the financial year _____ in Haryana. (It must be accompanied by receipt treasury challans)	Period	VAT Act	CST Act
		1 st Qtr.		
		2 nd Qtr.		
		3 rd Qtr.		
		4 th Qtr.		
	Total			
15.	Security to be offered against the Interest Free Loan (IFL) in the form of Bank Guarantee			
16.	Detail of Interest Free Loan (IFL) taken by the unit earlier, if any.	Amount Availed	Amount Repaid	Default, if any
17.	Detail of Interest Free Loan (IFL) taken by the any other unit under the same management.	Amount Availed	Amount Repaid	Default, if any
18.	Any other information not covered above.			

I, _____ S/o Sh. _____ Director/ Partner/
Proprietor/ Manager of M/s _____ have been fully authorised to
apply for this Interest Free Loan (IFL) through Board Resolution/ Power of
Attorney/Authority dated _____, copy of which is enclosed.

I further declare that:

- (i) the statement made and the particulars given above are true and correct to the best of my knowledge and belief;
- (ii) I have read the terms and conditions contained in Industrial and Investment Policy, 2011, as amended vide Notification dated 14.09.2012, and will abide by the same.

Signature of the Applicant
(Name and Address)

Annexure - A

Eligibility Certificate for Payment of Interest Free Loan (IFL)

1.	Name & Style of the unit applying for the Interest-free Loan		
2.	Location and complete address of the unit.		
3.	Name & particulars of the person authorised to submit the application		
3.	Goods/ products manufactured by the Eligible Industries Unit.		
4.	Certificates of Registration held by the Eligible Industrial Unit under the relevant statutes:	VAT Act	CST Act
5.	Total tax paid under Haryana Value Added Tax Act, 2003 for the Financial Year _____ for which IFL is being claimed on the basis of quarterly returns.	Quarter Ending 30.06. _____	
		Quarter Ending 30.09. _____	
		Quarter Ending 31.12. _____	
		Quarter Ending 31.03. _____	
6.	Tax eligible for Interest Free Loan out of the total tax paid under (5) above. The quantum of tax eligible for Interest Free Loan to be computed as per the conditions of sub-rule 6(a) of Rule 69 of HVAT Rules, 2003.		
7.	50%/75% of the eligible tax		
8.	Interest Free Loan payable		
9.	Period of Eligibility	From	
		To	

Note:- Eligibility certificate is being issued subject to satisfaction of all the conditions specified in explanation appended to sub-rule 6(a) of Rule 69 of the HVAT Rules, 2003.

Annexure - B

Sanction Letter for the Grant of Interest Free Loan

On the basis of the Eligibility Certificate issued by the Excise and Taxation Department, Haryana bearing No. _____ dated _____, sanction of the Interest Free Loan (IFL) of Rs. _____ in favour of M/s _____ is hereby accorded in lieu of the Tax paid under Haryana Value Added Tax Act, 2003 for the quarter ending _____ subject to the following conditions:

- (i) The industrial unit will furnish a bank Guarantee equivalent to the Loan Amount, valid for a period of 66 months from the date of release of the loan amount;
- (ii) The Recovery shall be made as per the provision of the scheme of IFL notified by the Govt. vide No. _____ dated _____;
- (iii) The unit shall regularly submit the financial statements, including the balance sheet, trading account and profit and loss statement on half yearly basis for the period ending 31st March, and 30th September till full repayment of this loan.
- (iv) The unit will execute fresh agreement for this loan with the Industries & Commerce Department.
- (v) The unit shall submit to the Director of Industries, Haryana a report on the working of the unit, including detailed information regarding production and sale of the finished products, the additions made or disposal of fixed assets, change in the constitution of the unit, duly authenticated and signed by the person authorized on behalf of the unit;
- (vi) Any officer of the Industries & Commerce Department or the Excise and Taxation Department, so authorised, may inspect the unit at any time to ascertain that the unit continues to be in production and all the assets against which benefit has been provided are intact;
- (vii) In case of closure, misrepresentation of facts by the unit, the benefit granted would be recovered along with interest @ 18% per annum;
- (viii) In case of sale/ transfer of unit, balance of benefit of IFL shall be passed on to the purchaser/transferee, if it continues with the production without disposing of any assets adversely affecting manufacturing or production capacity;
- (ix) All other conditions contained in Notification No. _____ dated _____ issued by the Department of Industries & Commerce, Haryana would be applicable.

Seal of the issuing Authority

Signatures of the Director
Industries & Commerce, Haryana