



Govt. of Jharkhand

JHARKHAND
Automobile and Auto-Component
Policy 2016

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रघुवर दास
मुख्यमंत्री
झारखण्ड सरकार

Raghubar Das
Chief Minister
Govt. of Jharkhand

MESSAGE

Jharkhand is in continuous pursuit to further develop its existing industrial base and create more and more employment opportunities for its people. Policy initiatives provide strategic direction in such quest and to support the policy framework, Jharkhand is also undertaking significant transformation by improving connectivity and industrial infrastructure.

Jharkhand is known since decades for its Automobile and Auto component industry. Jamshedpur-Adityapur cities in the state of Jharkhand developed as auto cluster over the period of time due to strong human capital, entrepreneurship, geographical advantage in the eastern India, quality educational institutions and presence of one of the oldest automobile major of India- TATA Motors. In the new stride for 'Make in India', this sector is again poised to play a major role in generating employment opportunities.

A vibrant ecosystem already exist in Jharkhand for this sector. The new **Jharkhand Automobile and Auto Component Policy 2016** will provide fresh impetus and also support in attracting new units to Jharkhand. While new units will benefit from the existing ecosystem, MSMEs here will also get new opportunities to scale up the automobile value chain.

This policy not only covers units manufacturing Automobiles, i.e., Two-wheelers, Three-Wheelers, Passenger Vehicles and Commercial Vehicles but also Earthmovers and other Mining and Construction Vehicles, Tractors and other Agricultural Utility Vehicles, Defence Vehicles, Railway Equipment, Wagons and Coaches and Tier-I, Tier-II and Tier-III Auto-components manufacturing units. Incentives are also available for developing industrial parks and auto-clusters. I invite the auto makers from India and abroad to make use of the incentives and facilitation provided in the policy.

I am sure that with this new policy, the automobile companies will find Jharkhand as most attractive destination for automobile and auto-component manufacturing units in Eastern India.

I congratulate the Department of Industry to have worked hard on bringing out this policy for development of this sector.

I wish all the success in implementation of the policy.

(Raghubar Das)
Chief Minister

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CHAPTER-I

1. INTRODUCTION

Automotive industry has been emerging as a sunrise sector in the non-core sector of the country. Automotive industries have been especially recognized as a sector having potential for creating employment on a large scale. India has risen to be the second largest two-wheeler manufacturer in the world, seventh in global production in motor vehicles, and every automobile manufacturer in the world has manufacturing facilities in India.

Jamshedpur-Adityapur cities developed as auto cluster over the period of time due to strong human capital, entrepreneurship, geographical advantage in the eastern India, quality educational institutions and presence of oldest automobile major of India- TATA Motors. However, during the same period, Chennai, Pune, Gurgaon and other cities of India have grown phenomenally when compared to Jamshedpur-Adityapur. These two cities of Jharkhand and other industrial areas of Jharkhand have to catch-up with other Indian cities to generate more employment in automobile sector, in order to improve the standard of living of common people. In this very context, Jharkhand need a sector specific policy on automobile and auto-components to convert Jharkhand into one of the leading state in automobile and auto-component manufacturing in the country.

1.1 Automobile Industry in India

The Indian automobile industry account for 22% of the country's manufacturing GDP and is one of the biggest job creators, both directly and indirectly. The Indian automotive industry has the potential to emerge as one of the largest in the world. With the growing industrial production, growth of the economy and increasing spending power of the Indian middle-class households, the country is expected to make it to the top five markets in cars and commercial vehicles by 2020. Moreover, India provides trained manpower at competitive costs making India a favoured global manufacturing hub. The industry produced a total of 2,33,66,246 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in April-March 2015 as against 2,15,00,165 in April-March 2014, registering a growth of 8.68 percent over the same period last year.

Table 1.1: Vehicles Production

Category	2010-11	2011-12	2012-13	2013-14	2014-15
Passenger Vehicles	29,82,772	31,46,069	32,31,058	30,87,973	32,20,172
Commercial Vehicles	7,60,735	9,29,136	8,32,649	6,99,035	6,97,083
Three Wheelers	7,99,553	8,79,289	8,39,748	8,30,108	9,49,021
Two Wheelers	1,33,49,349	1,54,27,532	1,57,44,156	1,68,83,049	1,84,99,970
Total	1,78,92,409	2,03,82,026	2,06,47,611	2,15,00,165	2,33,66,246

Source: SIAM

In addition to this, 6,13,000 tractors and 56,000 construction equipments are produced in the year 2014-15. Manufacturing of construction machineries, metro coaches and defence vehicles also contributes in automobile manufacturing sector in the country. The cumulative Foreign Direct Investment (FDI) inflows into the Indian automobile industry during the period April 2000 – June 2015 were recorded at US\$ 13.5 billion, as per data by the Department of Industrial Policy and Promotion (DIPP). Formulation of old vehicle scrabbling policy and implementation of stringent emission norms are under the consideration of Government of India to improve fuel efficiency and also to control pollution which will need expansion of capacity of existing automobile and auto-component manufacturers and technology upgradation of existing units.

1.2 Auto-Component Industry in India

The Indian auto-components industry is set to become the third largest in the world by 2025. The Indian auto-components industry has experienced healthy growth over the last few years. Some of the factors attributable to this include: a buoyant end-user market, improved consumer sentiment and return of adequate liquidity in the financial system. The auto-components industry accounts for almost seven per cent of India's Gross Domestic Product (GDP) and employs

as many as 19 million people, both directly and indirectly. The sector's contribution to manufacturing GDP is expected to double from 5 per cent in 2015 to 10 per cent in 2026.

According to the Automotive Component Manufacturers Association of India (ACMA), the Indian auto-components industry is expected to register a turnover of US\$ 66 billion by FY 15-16 with the likelihood to touch US\$ 115 billion by FY 20-21 and US\$ 200 billion by 2026. In addition, industry exports are projected to reach US\$ 12 billion by FY 15-16 and add up to US\$ 30 billion by FY20-21, further rising to US\$ 80 billion by 2026. Europe accounts for the largest share of Indian auto components exports (38.1 per cent) followed by North America (21 per cent) and Asia (25 per cent). Exports could account for as much as 26 per cent of the market by 2021. India is emerging as global hub for auto component

sourcing. A cost-effective manufacturing base keeps costs lower by 10-25 per cent relative to operations in Europe and Latin America. Relative to competitors, India is geographically closer to key automotive markets like the Middle East and Europe. Global auto component players are increasingly adopting a dual-shore manufacturing model, using overseas facilities to manufacture few types of components and Indian facilities to manufacture the others.

The rapidly globalising world is opening up newer avenues for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe and reliable modes of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt to the change via systematic research and development.

1.3 Automobile and Auto-Component Industry in Jharkhand

One of the India's leading automobile industry-TATA Motors-began manufacturing commercial vehicle in early 1950s at Jamshedpur. TATA Motors today is among the leaders in producing commercial vehicles in the world and is among the top three companies in production of passenger vehicles in the country. More than 600 auto ancillary industries including auto components units have been set up subsequently at Jamshedpur and Adityapur to cater to the needs of automobiles companies. Jamshedpur-Adityapur cluster is having unique advantages like availability of uninterrupted power and water from JUSCO in addition to other alternative sources

of power from JBVNL, long history of industrial peace and ready access to Kolkata and Haldia ports for ease of imports and exports. It has generated more than 20-25 thousand direct employment and several times of it as indirect employment

All types of auto grade steels are being produced at Jamshedpur since 1980s. All necessary infrastructures exist near Jamshedpur - Adityapur for auto ancillaries. The TATA Motors at Jamshedpur has expanded its capacity in different types of vehicles besides putting a new assembly line for the production of World Truck – a heavy duty goods vehicle which has resulted in the growth of ancillary units and additional employment.

Over the last 2 decades, Tata Steel has been continuously modernizing and expanding its steel production capacity and has also setup the requisite facilities for production of auto grade steel which were earlier being imported. Now all types of auto-grade steels are being produced by Tata Steel, and Jharkhand is presently producing about 25% of total steel being produced in the country. With the expansion of Tata Steel, SAIL Bokaro and commissioning of some other new steel plants like Electro Steel, Jindal Steel, etc., the state will be soon producing over 25 MT of steel and thus will turn to be a steel-hub of India. Needless to mention that steel is the main raw material for most auto products.

Keeping this massive potential in view, the state government lays lot of focus on building necessary infrastructures for such industries. With the assistance of Govt. of India, an Auto-Cluster in Jamshedpur is being built with the objective to extend common facilities such as testing center, design lab, effluent treatment plant, etc. to auto component makers. An Automobile Vendor Park, under PPP or Private Mode with benefits of an industrial park to be doled out by the state government, is envisaged.

The existing of numerous auto-ancillaries, availability of skilled manpower, further backed up with the presence of ITI's, NIT, MSME Tool Room, etc. in and around Jamshedpur which are continuously producing more skilled manpower, Jamshedpur/Adityapur provides a very suitable destination for auto majors to come and set up their vehicle manufacturing units here. The advantages for automobile and auto-component industries in Jharkhand may be summarized as follows:

- ❖ Proximity to raw material sources, a large market base in and around the state, and a large S.E. Asian export market, makes Jharkhand attractive for Automobile, Auto components, and even White goods manufacturers.
- ❖ Tata Steel and Bokaro Steel Plant (both located in Jharkhand), provide freight advantage in sourcing CR sheets.
- ❖ Long presence of world class industries and many more large industries in and around the state, including Tata Motors and South-Eastern Railways, have created an excellent vendor base to support the Automobile sector. It may be noted that Tata Motors produces Trucks for the domestic and export markets and the local ancillary is geared up to meet the international quality standards and delivery compliance.
- ❖ Usha Martin, Timken, Cummins, TRF, Tinsplate, HEC, Indal, ICI, TAYO, etc. produce a wide range of engineering products.
- ❖ Hindustan Copper, Central Coalfields and Bharat Coking Coal are into Mining (Copper and Coal) and coking coal respectively creating the need for supplying various types of industrial vehicles and mobile equipment such as dumpers, dozers, excavators, cranes, etc.
- ❖ Near to Kolkata and Haldia port for import and export of materials
- ❖ Long history of industrial peace in the state.
- ❖ Combined market of Jharkhand and Bihar more than 5% of all India market.
- ❖ Other nearby markets in Orissa, West Bengal, Chattisgarh and North-East add to the market opportunities.

CHAPTER-II

2. VISION, OBJECTIVE AND STRATEGY

The Jharkhand Automobile and Auto-component Industries Policy 2016 aims at creating favorable atmosphere for setting-up of automobile and auto-component manufacturing units in the state through creation of infrastructure facilities, skilled manpower, encouragement of capital investment and technology up-gradation, development of marketing network, development promotion, grants and concessions.

2.1 VISION

To ensure balanced economic development of the state by favoring automobile and auto-component manufacturing sector and to provide maximum benefits to all stakeholders by establishing Jharkhand as a automobile hub in India.

2.2 OBJECTIVES

The main objectives of this policy are:

- a) To make Jharkhand as most preferred destination for automobile and auto-component manufacturing units in Eastern India.
- b) To create additional employment opportunities for 50,000 personnel in this sector by 2020.
- c) To attract mega automobile projects in the state and promote the establishment of new auto-cluster and strengthening of existing auto cluster in the state.
- d) To encourage establishment of Tier-1, Tier-2 and Tier-3 auto-component manufacturers in the state, so as to create direct and indirect employment opportunities and to promote local entrepreneurship.
- e) To identify and address the existing infrastructure gaps affecting the automobile and auto-components industry.
- f) To augment the talent pool to meet the long term skilled manpower requirements of this industry and to encourage Public-Private-Partnership initiatives and Industry-Institution partnerships in skill development.

2.3 STRATEGY

- a) Development of infrastructure facilities
- b) Creation of a favorable atmosphere for setting up of automobile and auto-component manufacturing units
- c) Capital investment promotion
- d) Promotion of technology up-gradation
- e) Financial grant-in-aids and concessions
- f) Market development and export promotion
- g) Industrial facilitation and single window clearances

2.4 DURATION

This policy will remain operational till five years from the date of publication in the Gazette.

CHAPTER-III

3. ELIGIBILITIES AND DEFINITIONS

3.1 Eligible Sector:

This policy covers following automobile and auto-component manufacturing units to be established in the state of Jharkhand:

- a. Automobiles (Two-wheelers, Three-Wheelers, Passenger Vehicles and Commercial Vehicles)
- b. Earthmovers and other Mining and Construction Vehicles
- c. Tractors and other Agricultural Utility Vehicles
- d. Defence Vehicles
- e. Railway Equipments, Wagons and Coaches
- f. Tier-I, Tier-II and Tier-III Auto-components manufacturing units of above five automotives.

3.2 Eligible Organizations:

The following manufacturing organizations of eligible sectors given in sub-section 3.1 shall be eligible for benefit under this policy:

- a) Proprietorship firm
- b) Registered partnership firm
- c) Private Limited Company
- d) Limited liability registered partnership firm
- e) Public Limited Company
- f) Government Company
- g) State/Central Public Sector Undertaking

3.3 Expectations from Mega and Ultra Mega Projects:

The following items are expected from Mega and Ultra Mega Projects:

- a. On the date of production to a minimum period of five years, the units shall employ minimum of 90 % of unskilled workers, minimum of 50% of skilled workers and minimum of one-third of posts of management/administrative cadres to bono fide residents of the Jharkhand state.
- b. The project (mother plant) should be fully established within three years from the date of possession/transfer of land.

- c. The project proponent should make investment in training by creating its own training facility or by supporting and collaborating with local technical institutions both private and Government by way of provision of hardware, software, faculty, etc and thus, create high quality trained manpower in the region to support the automobile industry.
- d. To undertake Corporate Social Responsibility (CSR) in an effective manner.

3.4 Definition of Projects:

3.4.1 MSME Projects:

Government of Jharkhand will follow the MSME definition laid out by Government of India as per the Micro, Small and Medium Industries Development Act 2006. The definition of MSMEs will be revised automatically as per the guidelines of Government of India from time to time.

3.4.2 Large Projects:

Large project in automobile sector is an automobile industrial unit in which the investment on plant and machinery is less than Rs 500 crores and more than the investment threshold for medium enterprises decided by the MSME Act 2006 of Government of India.

Large project in auto-component sector is an auto-component industrial unit in which the investment on plant and machinery is less than Rs 100 crores and more than the investment threshold for medium enterprises decided by the MSME Act 2006 of Government of India.

3.4.3 Mega Projects:

Project in automobile sector with capital investment on plant and machinery is over 500 crores or creating direct employment for over 500 people will be accorded mega project status. Tailor made Memorandum of Understanding shall be executed with the State Government with components based on specific requirement of the investor like infrastructure support, administrative support, etc. The financial incentives shall be given as provided under Chapter V.

Project in auto-component sector with investment on plant and machinery is over 100 crores or creating direct employment for over 200 people will be accorded mega project status. Tailor made Memorandum of Understanding shall be executed with the State Government with components based on specific requirement of the investor like infrastructure support, administrative support, etc. The financial incentives shall be given as provided under Chapter V.

3.4.4 Ultra Mega Project:

Project in automobile and auto-component with investment in plant and machinery is more than three times the investment limit fixed for mega project or creating direct employment over three times of minimum employment limit fixed for mega projects will be accorded ultra

mega project status. Tailor made Memorandum of Understanding shall be executed with the State Government with components based on specific requirement of the investor like infrastructure support, administrative support, etc. The financial incentives shall be given as provided under Chapter V.

3.4.5 New Industrial Project:

New industrial project means an industrial unit for which date of production is after the commencement of this policy and possessing Udyog Aadhaar.

3.4.6 Expansion/Modernisation/Diversification Project:

Expansion

Expansion means an existing unit which makes additional capital investment and fulfils the following conditions:

1. For MSME Units, it shall make fixed capital investments of 33% or above of the capital investment limit as specified by Government of India from time to time. For large units, it shall be 33% or above on depreciated book value or fixed capital investments of Rs. 8 crore, whichever is higher. For Mega and Ultra-Mega project, it shall be 33% or above on depreciated book value or 33% or above of fixed capital investments of the minimum capital investment limit fixed in this policy whichever is higher.
2. An increase of at least 33% of the installed capacity

Modernization

Modernization means an existing unit which makes additional capital investment and fulfils the following conditions:

1. For MSME Units, it shall make fixed capital investments of 33% or above of the capital investment limit as specified by Government of India from time to time. For large units, it shall be 33% or above on depreciated book value or fixed capital investments of Rs. 8 crore, whichever is higher. For Mega and Ultra-Mega project, it shall be 33% or above on depreciated book value or 33% or above of fixed capital investments of the minimum capital investment limit fixed in this policy whichever is higher.
2. At least 20% improvement in the installed capacity
3. An improvement of either energy saving of at least 30% or reduction of pollution level of at least 30% or latest technology in that sector as certified by the reputed institutions recognized by the Government.

Diversification

Diversification means an existing unit which makes additional capital investment and fulfils the following conditions:

1. For MSME Units, it shall make fixed capital investments of 33% or above of the capital investment limit as specified by Government of India from time to time. For large units, it shall be 33% or above on depreciated book value or fixed capital investments of Rs. 8 crore, whichever is higher. For Mega and Ultra-Mega project, it shall be 33% or above on depreciated book value or 33% or above of fixed capital investments of the minimum capital investment limit fixed in this policy whichever is higher.
2. Production of at least one new product after diversification

Note Point: For expansion/modernization/diversification of MSME units, the gap period between DoPs of earlier projects and the one under implementation should be 2 years to avail benefit under this policy. Similarly, for large, mega and ultra mega projects, the gap between DoPs of earlier projects and one under implementation should be 3 years to avail benefit under this policy.

3.4.7 Date of Production:

Date of production means the date of commercial production of such new unit. In respect of expansion/modernization/diversification, it refers to commercial output from such expansion/modernization/diversification.

Commercial production or commercial output means the product is ready for sale to the customer(s). Director of Industries, Govt. of Jharkhand after verification shall issue a certificate to this effect. In case of dispute, the decision of Principal Secretary/ Secretary, Dept. of Industries, Mines and Geology shall be final.

CHAPTER- IV

4. IMPLEMENTATION STRATEGIES

The State Government will adopt the theme, “Advantage Jharkhand- Automotive Sector”, as a long term strategy to widen and deepen the automotive industry with the aim of creating favorable atmosphere for setting-up of automobile and auto-component manufacturing units in the state. Towards this end, the State Government shall have following implementation strategies.

4.1 Land:

Availability of land with close proximity to road and rail network is the need of the hour for the industry. The Government of Jharkhand will provide a speedy facilitative role in providing space for the industries. Plots of appropriate size will be available for online allotment in the industrial areas depending upon the requirement of the industry. Government land will be allotted speedy in long-term lease basis to automotive industries.

4.2 Auto Vendor Park:

In addition to Auto Cluster at Adityapur, a new auto vendor park will be developed near Jamshedpur. This park may be developed with the help of private sector or Joint Venture mode. At present in automobiles more than fifty percent of auto-components are electronics. Preference will be give for manufacturing of electronic components of auto mobiles in the Electronic Manufacturing Cluster being implemented at Adityapur.

4.3 Power:

Auto component industry is a quality intensive and power sensitive industry. With the industry becoming hi-tech, more and more precision engineering technologies and machineries are being used to produce world-class products, not only for the Indian operations but for global operations as well. This requires availability of reliable and quality power.

If the power requirement is in excess of 25 MVA, then JBVNL will provide a substation (230 KVSS/110 KVSS depending on the power requirement) at its cost and the land for the substation will have to be provided by the Developer Agency free of cost. The HT consumers will

be facilitated to procure power within their sanctioned demand from generator within Jharkhand and other states and also from Power Exchanges on payment of necessary open access charges.

4.4 Railways:

Eastern Dedicated Freight Corridor passes through the state of Jharkhand. Ministry of Railways will be persuaded to rail link from automobile factories to this Corridor. Jharkhand has the advantage of being closer to the Eastern Coast. Jamshedpur is having Dry Port facilities. Efforts will be taken to make it functional so that a container can be booked without waiting for a full rake load. Ministry of Railways will be persuaded to provide speedy rail links to eastern ports like Haldia, Paradeep. On the line of Make in India mission, Make in Jharkhand mission will be extended to automobile sector for giving to boost to automobile and auto-component export from Jharkhand.

4.5 Roads:

The Government has taken the initiative to augment the road capacity in tune with the growing needs of development. The Government in collaboration with NHAI and the Government of India will provide the connectivity to automobile production areas. The State Government shall provide road connectivity outside the plant of Ultra Mega Projects to National or State Highway.

4.6 Testing Facilities:

One of the major costs for the industry in terms of compliance to global standards is the various types of testing for components and the vehicles. Adityapur Autocluster has state of art testing facilities. If any industry needs specific testing facility, the Adityapur Autocluster will be persuaded to have such facility and if necessary, Government of Jharkhand may extend grants upto 60% of project cost to have such facilities for industries. Efforts shall be made to open a branch of Automobile Research Association of India (ARAI) near Adityapur Industrial Area.

In addition to existing facilities in the Adityapur Auto Cluster, the Government shall extend grants upto 60% of project cost in modern facilities like Laser Cutting Center and Coating Plant for the benefit of the auto component units in the state.

4.7 Waste Management

Solid waste and effluent treatment facilities have been created in the Adityapur Autocluster except Hazardous Waste Management facility which is under construction. These facilities shall be extended to all automobile and auto-component industries in the state. Efforts shall be made to provide solid waste, effluent treatment and hazardous waste management facilities in the command areas of RIADA, BIADA and SPIADA.

4.8 Labour:

Automobile, and auto-component sector in particular, is labour intensive and has huge potential for employment generation. Subject to applicable laws and as far as possible, the Government will consider giving permission to the automobile and auto component industry for 24X7

(three shifts) operations, employment of women in the night shifts, flexibility in employment conditions including working hours for women and shorter or longer shift timings and hiring of contract workers. The automobile industry will be declared to be a 'public Utility' under the Industrial Disputes Act, 1947 in order to prevent flash strikes.

Every year, around 25,000 technically qualified persons at all levels from the ITI trained to Engineering Graduates come out of the professional institutions in the state. Jharkhand Skill Development Mission is launched to provide youth with technical skills matching with the needs of industries. Government Mini Tool Room at Ranchi and Dumka shall be encouraged to provide tailored made courses as per requirement of automobile and auto-component industries. These two institutions are having excellent track records. This would provide industry-ready labour, thus increasing the productivity of the state, which in turn would be a huge incentive for new industries to look at investing in Jharkhand.

Technical Institutes and Polytechnics will be encouraged to align themselves with the industry needs and consult industry whenever needs for inputs and planning. An Industry-Institution Interaction Cell (IIC Cell) will be formed in such institutions. Government ITIs will be handed over to industries through MoU to train their manpower as per their requirements subject to NCVT norms. Government shall provide financial assistance upto 60 % of project cost to set-up state of art training facility for skill development at Adityapur Auto Cluster to train workers for auto-component industry.

4.9 Industry Consultation:

An "Automotive Industry Consultative Committee" under the Chairmanship of Director of Industries shall be constituted and shall have following members

1. One representative from Industrial Association
2. One representative from ACMA
3. One representative from SIAM
4. Two members nominated by State Government who are having knowledge in this sector

This consultative committee will meet once in a quarter to discuss the major issues confronting the automobile and auto-component industry and advise the Government on remedial measures needed.

This Consultative Committee shall also discuss the issues with Government of India and it will try facilitating to resolve the issues with Government of India.

4.10 Single Window System:

Jharkhand is one of the pioneer states in establishing and operationalising single window clearance system in the country. In line with the objective of Ease of Doing Business, the Single Window Clearance Committee (SWCC) has following functions for speedy clearances of projects, subject to overall control and superintendence of the State Government:

- (1) The Single Window Clearance Committee shall exercise powers of clearances and approvals for setting up of business and starting of business operations.
- (2) The State Government may devolve upon it any other powers, if so required, through appropriate notification except the powers vested with the statutory bodies including Urban Local Bodies (ULBs) and Panchayat Raj Institutions (PRIs). The SWCC shall pursue the proposals with regards to ULBs and PRIs directly with them or through the Deputy Commissioner of the district concerned to facilitate their early clearance.
- (3) The delegations of powers shall be exercised by the SWCC up to the stage of clearances and approvals. All clearances and approvals, thereafter, shall be issued by the Appropriate Authority concerned.
- (4) Financial incentives for MSME projects shall be approved by this Committee and other than MSME projects, this committee shall recommend to the High Powered Committee for approval. On the basis of recommendation of High Powered Committee, financial incentives for Mega and Ultra Mega Projects shall be approved by Governing Body.

CHAPTER- V

5. FISCAL INCENTIVES

5.1 Capital Subsidy for Common Infrastructure:

Developers of Auto Clusters, Auto Vendor Park or Automotive Suppliers Manufacturing Centers shall be provided financial assistance of 50% for fixed capital investments in building and common infrastructure upto to a maximum of Rs 20 Crores.

5.2 Incentives for Manufacturing Units:

Automobile and auto-component manufacturing units shall be eligible for following fiscal incentives who are having date of production after the date of notification of this policy.

- a. 100 % CST concession for 10 years .
- b. Subsidy / Incentive on VAT:
 - 1) New MSME units will be given incentive of 80% Net VAT Paid for five years from the date of Production with a ceiling of maximum 150% of total fixed capital investment made.
 - 2) New large projects will be given incentive of 75% of NET VAT paid p.a. for seven years from the date of Production with a ceiling of maximum 150% of total fixed capital investment made.
 - 3) New Mega projects will be given incentive of 75% of NET VAT paid p.a. for twelve years from the date of Production with a ceiling of maximum 150% of total fixed capital investment made.
 - 4) New ultra mega projects will be given incentive of 75% of NET VAT paid p.a. for twelve years from the date of Production with a ceiling of maximum 150% of total fixed capital investment made.
 - 5) Industrial units which have qualified to be new unit by expansion / modernization / diversification will be entitled to get similar benefits in respect of VAT and CST. However, they have to maintain separate record of production, investment details and VAT/CST paid/ payable after such expansion / diversification / modernization. In case, maintaining a separate record is not possible by such units the benefit to such eligible units shall be available in the ratio of installed capacity.
 - 6) Any unit claiming these benefits will have to get registered with Commercial Taxes Department, Government of Jharkhand and shall have to file all their statutory returns.

- 7) Department of Commercial Taxes shall give top priority to such units in matters of final assessment of annual tax return in a specific time frame.
- 8) Commercial Taxes Department shall also notify the responsibility of assessing officers along with time frame to be maintained in assessment of tax.
- 9) Claim for VAT incentive will be made on annual basis and claim for such incentive has to be made after the plant has been operated for at least one full financial year.
- 10) The unit for which return assessment has not been duly completed by Commercial Taxes Department will not be eligible for incentive of the VAT claimed for the next year.
- 11) Claim for VAT incentive of paid for the final year i.e. the last year of eligibility period can only be entertained after the complete assessment of all the previous years.

Note : Notwithstanding anything contained in this Jharkhand Automobile and Auto Component Policy, the State reserves its right, to take appropriate direction including amendment, deletion or substitution of any incentives as granted in this Policy after the implementation of the Goods and Services Tax System into the State.

- c. No entry tax on any items procured by the investors.
- d. Reimbursement/concession on stamp duty and transfer duty on the lands will be provided as per extend state industrial policy.
- e. 100 % electricity duty exemption shall be provided for 10 years from the date of production.

5.3 Marketing Incentives:

Jharkhand Export Policy 2015 shall be extended to MSE units getting benefit under this policy also.

5.4 Patent and Quality Certification:

Financial assistance shall be provided towards expenses incurred for patent registration and quality certification. Financial assistance shall be limited to 75% of the cost subject to a maximum of Rs 25 lakhs for obtaining patent registration and 50 % of the cost subject to a maximum of Rs 5 lakhs for obtaining quality certification. This would be applicable only to MSME units.

5.5 Capital and Interest Subsidy for MSME:

MSME units of Automobile and Auto-components manufacturers shall be eligible for fiscal incentives as per extend industrial policy of Jharkhand in addition to fiscal incentives provided above.

CHAPTER-VI

6. MISCELLANEOUS

- 6.1. Notwithstanding anything contained in the foregoing paragraphs of the Jharkhand Automobile and Auto-Component Industry Policy 2016, the State Government by issuance of notification in the official gazette may amend or withdraw any of the provisions and or the schemes mentioned herein above.
- 6.2. The Industrial Units which are getting benefitted under this policy will not be eligible for any other financial incentives or benefits under any other schemes or policy of the Govt. of Jharkhand unless specifically mentioned in this policy but they are eligible get benefit from any policy or scheme of Govt. of India.
- 6.3. If any difficulty arises in giving effect to provisions of the Jharkhand Automobile and Auto-Component Industry Policy 2016, the same shall be referred to the Single Window Clearance Committee and thereon the decision taken shall be final.

Order: It is ordered that a copy of the notification should be sent for publication in the special edition of the Jharkhand Gazette and be circulated among all the Departments/Departmental heads and Subordinate offices of the Government.

By the Order of the Governor of Jharkhand

Sd/-

(S.K. Barnwal)

Secretary

Department of Industries, Mines & Geology

Government of Jharkhand

Memo No.: 06/U.Ni./ Ni. (Automobile and Auto component) /09/2015- 3079 dated 19.09.2016

Copy forwarded to the Superintendent, Government Press, Hinoo, Ranchi for its publication in the special edition of Jharkhand Gazette. It is requested that 250 (Two hundred fifty) copies of the published Gazette be made available to the department.

Sd/-
(S.K. Barnwal)
Secretary
Department of Industries, Mines & Geology
Government of Jharkhand

Memo No.: 06/U.Ni./ Ni. (Automobile and Auto component) /09/2015- 3079 dated 19.09.2016

Copy forwarded to Principal Secretary to the Hon'ble Governor, Jharkhand/Principal Secretary to the Hon'ble Chief Minister, Jharkhand/ OSD to Chief Secretary, Jharkhand/All Additional Chief Secretary/Principal Investment Commissioner, Jharkhand Bhawan, New Delhi/All Principal Secretary/ All Secretary/All Departmental Head, Jharkhand Ranchi/All Divisional Commissioner/ Chairman, Jharkhand Urja Bitran Nigam, Ltd./Chairman, Jharkhand Pollution Control Board, Ranchi/All Deputy Commissioner, Jharkhand/Managing Director, All Industrial Area Development Authority/ CEO, Jharkhand State Khadi Board/General Manager, All District Industry Centre/Director, MSME. RIADA Building, Ranchi/All Officers of Industry, Mines and Geology Department, Jharkhand, Ranchi.

Sd/-
(S.K. Barnwal)
Secretary
Department of Industries, Mines & Geology
Government of Jharkhand



Single Window

Single Window Helpline Number : **0651-6556666**

www.advantage.jharkhand.gov.in



Government of Jharkhand

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