

GOVERNMENT OF JHARKHAND
DEPARTMENT OF INDUSTRIES

NOTIFICATION

NO.

Ranchi , the

2003

WHEREAS the Governor of Jharkhand is of the opinion that it is necessary and expedient to extend incentive for the revival of the ailing industrial units in the State and that with the priority accorded to fresh investment in setting up of new Industrial units in the state under the Jharkhand Industrial Policy 2001, it is necessary to formulate a policy to encourage the productive utilization of ailing industrial assets by way of value addition and generation of employment opportunities in the State.

Where as the Jharkhand Industrial Policy 2001 has laid down detailed provisions for prevention of Industrial Sickness and revival of willing and viable sick industries in section 23 of the Industrial Policy- 2001

Now, THEREFORE, the Governor is pleased hereby, to approve and sanction incentives and support measures for the revival of large, medium and small Scale industrial units in the State as under: -

1. Short Title

1.1 This Scheme may be called **Jharkhand Industries Rehabilitation Scheme-2003** (here in after referred to as the 2003 Scheme) for rehabilitation of large, medium and small scale industrial units set up in the State.

2. Commencement and Duration

2.1 Unless specially mentioned against the respective items of incentives sanctioned under the 2003 Scheme, it shall be effective during the period of implementation of the Jharkhand Industrial Policy –2001

3. Operation of the 2003 Scheme

3.1 The 2003 Scheme will be operated by the Department of Industries of the Government of Jharkhand for the rehabilitation or revival of willing and viable Industrial Units in the State in consonance with section 23 of Jharkhand Industrial Policy –2001

4. Definitions

4.1 In the 2003 Scheme, unless the context otherwise requires –

- i. "**State Government** " means the Government of Jharkhand and "Central Government " means Government of India
- ii. "**ID**" means Industries Department of The State Government.
- iii. "**Apex Committee (AC)** " means committee set up for revival of SSI units under the chairmanship of Secretary of Industries / Industrial Development Commissioner under Jharkhand Industrial Policy 2001.
- iv. "**State Level Empowered Committee (SLEC)** " means committee set up for taking decision on concessions and facilities to be provided to Sick, Closed & Weak Large and Medium sector units under the chairmanship of Chief Secretary .
- v. "**Units** " means any industrial unit in the state that are either " closed ", " sick " or " weak " belonging to an industrial company in either large / medium or small scale sectors including Industrial Co-operatives, provided that Units in the small scale sector considered for the purpose of the 2003 Scheme shall be limited to such as are registered with Industrial Area Development Authority or District Industries Centre under the Directorate of Industries and determined for the purposes of the 2003 Scheme in consultation with the Industries Department of State Government.
- vi. "**Large/Medium Scale sector** " means an industrial sector as defined by the Government of India from time to time.

- vii. " **Small Scale sector** " means an industrial sector as defined by the Government of India from time to time.
- viii. " **Closed Unit** " means a Unit that is not less than five years old and has remained closed for more than one year.
- ix. " **Sick Unit** " means an Unit belonging to an industrial company that is not less than 5 years old and that has at the end of any financial year accumulated losses equal to or exceeding its net worth. Net worth is the sum total of the paid up capital of the industrial company and its free reserves. In case of SSI units, the definition of RBI from time to time will be applicable.
- x. " **Weak Unit** " means an Unit that is not less than five years old, that has incurred cash losses in the last two years and has defaulted in payments to secured creditors or in payment of statutory dues on account of Gratuity, Provident Fund, ESI, Sales Tax, Municipal/Local Bodies taxes, workers dues and dues to power supply agencies in any four or more quarters in a block of two successive financial years.
- xi. " **Accepted Rehabilitation Proposal** " means a proposal for utilizing the industrial assets of a Closed Unit the long term viability of which is confirmed by the support of Financial Institutions and/or Banks having interest and supported by Statutory creditors and employees of the Unit, that has been approved by the Apex Committee or the State Level Empowered Committee in case of Small Scale Industries and Medium / Large Scale Industries respectively , and accepted by State Government.
- xii. " **Accepted Revival Proposal** " means a proposal for utilizing the industrial assets of a sick or weak unit the long term viability of which is confirmed by the support of Financial Institutions and/or Banks having interest and supported by Statutory creditors and employees of the Unit that has been approved by the Apex Committee or the State Level Empowered Committee in case of Small Scale Industries and Medium / Large Scale Industries respectively , and accepted by State Government.

- xiii. Expansion in respect of Closed, Sick or weak Units means expansion for the same item(s) of production within the existing approved capacity or for expansion for enlarged approved capacity or for manufacture of a new item with an approved capacity.
- xiv. "**Incentives**" mean any relief's or concessions granted by State Government.
- xv. "**Earlier Incentive Schemes**" means any earlier Incentive Scheme administered by the Industries Department of the State Government.
- xvi. "**Eligible Unit**" means an Unit to which the 2003 Scheme is applicable and the rehabilitation or revival proposal in respect of which under provision of Section 23 of Jharkhand Industrial Policy 2001 has been accepted by State Government and Which has as a consequence thereof, been granted registration and eligibility certificates under the 2003 Scheme by the Directorate of Industries / ID .
- xvii. "**Fixed Assets** " means the Land, Building, Plant and machinery and equipment installed for pollution control measures for any Unit;
- xviii. "**Capital investment** " means investment made in land, building, plant and machinery and equipment installed for pollution control measures in respect of any unit;
- xix. "**Year**" means unless, otherwise specially stated and not repugnant to the context, the financial year commencing from the 1st April and ending on the 31st March following;
- xx. "**Negative List of industries** " means the list of Industries at an Annexure III of the Jharkhand Industrial Policy 2001, as may be amended by State Government from time to time.
- xxi. "**Bank Rate**" is the rate of interest at which the RBI lends to the commercial banks.

5. Applicability of the 2003 Scheme

5.1 The 2003 Scheme shall be applicable to all cases proposing the rehabilitation or revival of "Closed ", Sick " or "Weak " Units and also to the expansion in respect to "Closed ", Sick " or "Weak " Units if forming a

part of such rehabilitation or revival proposals as accepted by State Government. Such Units can be in the private sector, cooperative sector, joint sector as also companies / undertakings owned or managed by the State or Central Government

5.2 Incentives disbursed to Units under any earlier Incentive Schemes shall continue to be governed by the provisions of the registration and sanctions already issued under the respective Schemes.

5.3 Provided that Incentives if any, disbursed to Units under any earlier Incentive Schemes shall be deducted from that correspondingly available to eligible Units under the 2003 Scheme, if the circumstances so require.

5.4 Provided further that Units that have been registered and for which eligibility certificates have been issued in terms of any earlier incentives Scheme, but in respect of which no incentives have been actually disbursed, may opt for registration under the 2003 Schemes, if the rehabilitation or revival proposals otherwise fulfill the terms and conditions under the 2003 Scheme

5.5 The 2003 Scheme shall not be applicable to the industries listed in the negative list of industries.

5.6 Any unit to which this 2003 scheme is applicable, will be eligible to receive any incentive under this scheme only after an eligibility certificate is issued to the unit by the Directorate of Industries.

6 Eligibility Criteria for the 2003 Scheme

6.1 Any Unit to which this Scheme applies shall be considered for grant of registration and eligibility certification provided:

- (a) The rehabilitation or revival proposal is submitted as a comprehensive scheme duly supported by Financial Institutions and / or Banks having interest, statutory creditors and employees in respect of sacrifices in acknowledgement of the potential viability of the Unit and such proposal is approved by the Apex Committee or the State Level Empowered Committee and accepted by the State Government;

- (b) The rehabilitation or revival proposal has the support of any intending Financial Institutions or Banks in respect of the term borrowing or working capital requirements under the proposal and such proposal is accepted by State Government in the event of Financial Institutions and / or Banks having interest in the Unit are not willing to support the rehabilitation or revival proposal and prefer to realise their dues by way of a One Time Settlement;
- (c) The rehabilitation or revival proposal includes a substantial investment by the entrepreneur / promoter proposing its rehabilitation or revival;
- (d) That in respect of "weak Units", no revival proposal shall be considered under the 2003 Scheme in the event of Financial Institutions and/or Banks having interest or an intended interest in them have assessed in their examination of the revival proposal their weakness to have been caused only due to internal managerial deficiencies.
- (e) That in respect of closed, sick and weak Units the monetary value of incentives and support sought from State Government under the 2003 Scheme in the revival proposal should not exceed the fresh investment as at (c) above taken together i.e. total fresh investment of the promoter/entrepreneur, banks and FIs .

6.2 Provided further that State Government shall have the right to accept either in whole or in part or reject any proposal as at para 6.1 above solely at its discretions and without assigning any reasons there for.

7. Coverage of eligible Units under the 2003 Scheme

7.1 Eligible Units may be granted any or all of the incentives or support measures as the case may be under the 2003 Scheme in the manner outlined below subject to acceptance by State Government of their rehabilitation or revival proposals.

- (a) Grant of a flexible and comprehensive package of incentives or support measures based on the merits of accepted proposals for rehabilitation or revival.
- (b) Laying down of any general or specific conditions for the operation of such a package based on the merits of accepted proposals for rehabilitation or revival.

8. Classification of developed areas and backward areas

8.1 For the purposed of determination of types and quantum of incentives available under the 2003 Scheme to eligible Units, the area of the State shall be classified in three categories as notified under Para 17 of Annexure I of Jharkhand Industrial Policy

9 Incentives for the Rehabilitation or Revival of eligible " Closed " or " Sick " Units

9.1 Capital Investment Subsidy :

9.1.1 An eligible " Closed " Unit whose fixed assets have been taken over by a new entrepreneur / promoter proposing its rehabilitation can be reimbursed a capital Investment Subsidy on the transfer value of the fixed assets of the Unit as per registered deed and on any additional capital investment required in its respect as per its accepted rehabilitation proposal, for:

- (a) Group A areas- @ 15% subject to a limit of Rs 150 Lakh :
- (b) Group B areas- @ 20% subject to a limit of Rs 200 Lakh
- (c) Group C areas- @ 25% subject to a limit of Rs 250 Lakh:

9.1.2 An eligible " Sick " Unit can be reimbursed a Capital Investment Subsidy on any additional capital investment required in respect of the Unit as per its accepted revival proposal, OR

if a sick unit is taken over by a new entrepreneur / promoter proposing its revival can be reimbursed a capital Investment Subsidy on the transfer value of the fixed assets of the Unit as per Registered transfer

deed and on any additional capital investment required for revival of the unit.

- (a) Group A - areas @ 15% subject to a limit of Rs 150 Lakh:
- (b) Group B – areas @ 20% subject to a limit of Rs.200 Lakh:
- (c) Group C – areas - @ 25% subject to a limit of Rs 250 Lakh

9.2 Interest Subsidy : Eligible Units can be reimbursed an Interest Subsidy to the extent of 50% of the annual interest liability on the loan required to be borrowed from a Commercial Bank / Financial Institution / NBFC approved by the Reserve Bank of India for implementing the accepted rehabilitation or revival proposal subject to a limit of Rs 100 lakh per year depending on the location of the unit and covering the periods of rehabilitation or revival or as specified below, whichever is earlier ;

- (a) Group A areas – 5 Years;
- (b) Group B areas – 6 years.
- (c) Group C areas –7 years .

9.3 Wavier of Electricity Duty

9.3.1 Eligible Units can be granted waiver of duty on the electricity consumed for its production activities for a period of 5 years from the date of commencement of commercial production under the accepted rehabilitation or revival proposal.

9.4 Remission of Stamp Duty & Registration Fee : An eligible Closed Unit whose fixed assets have been taken over by a new entrepreneur or promoter proposing its rehabilitation can be granted an exemption from payment of 50% of stamp duty and registration fee required for the purpose of registration of documents in respect of the purchase of its fixed assets. The exemption can be by way of reimbursement subsidy.

9.5 Disposal of Surplus Land assets : Eligible Units can be allowed to unblock idle and surplus land assets to augment resources for investment in their rehabilitation or revival provided it forms a part of means of finance to

meet its rehabilitation or revival cost in accordance with an accepted rehabilitation or revival proposal and subject to the fulfillment of conditions as per the existing policy package of the Government. This incentive can also be extended to eligible Units requiring relocation on environmental considerations. However, the above shall not be applicable to Industrial area and the government leased lands.

9.6 Reschedulement of arrear Sales Tax dues : Eligible Units having arrear sales tax dues can under the rehabilitation/revival package, be allowed to reschedule the dues with an upfront payment of 25% of the dues and the balance paid in equal monthly installments not exceeding 24 in number. The repayment of the rescheduled dues will be jointly reviewed every quarter by the Commercial Taxes Commissioner and the Director Industries. If the unit is found guilty of willful default, then steps will be taken to recover the remaining dues as per recovery procedures of the commercial taxes department.

9.6.1 In case the revival/rehabilitation proposal necessitates any relaxation in the upfront payment by the unit under the package, the high powered cabinet committee formed under the section 36.1 of the Jharkhand Industrial Policy, 2001 will decide on the issue.

9.6.2 In case of any pending dispute regarding the amount of arrear sales tax dues between the department and the Unit/Company, the Apex committee or the Rehabilitation committee, as the case be, will fix the amount of dues for the purposes of calculating the upfront payment and installments as per para 9.6. However, the amount so fixed will be without any prejudice to the legal rights of any of the parties. In case of any litigation, the payment made in compliance of decision of the Apex or the Rehabilitation committee will be subject to adjustment in accordance with the final Award/judgment of the competent authority.

9.7 Reschedulement of arrear power dues : In cases proposing the rehabilitation of a Closed Unit or that proposing revival of a sick Unit arrear

power dues to JSEB can be rescheduled with an up front payment of 25% and the balance paid in equal monthly installments not exceeding 36 in number. The repayment of the rescheduled dues will be jointly reviewed every quarter by the Member (Revenue) J.S.E.B. and the Director Industries, incase of JSEB. If the unit is found guilty of willful default, then steps will be taken to recover the remaining dues as per recovery procedures of the Jharkhand State Electricity Board.

9.7.1 In case of any pending dispute regarding the amount of arrear electricity dues between the department and the Unit/Company, the Apex Committee or the Rehabilitation committee, as the case be, will fix the amount of dues for the purposes of calculating the upfront payment and installments as per para 9.7. However, the amount so fixed will be without any prejudice to the legal rights of any of the parties. Incase of any litigation, the payment made in compliance of decision of the Apex or the Rehabilitation committee will be subject to adjustment in accordance with the final award/judgment of the competent authority.

9.7.2 In the event however that accepted rehabilitation or revival proposals in respect of eligible Closed or Sick Units are unable to accommodate such re-schedulement of arrear power dues or if power supply agencies other than JSEB do not accept such re-schedulement State Government may in consideration of merits in individual cases make available the shortfall in fund to cover a negotiated settlement to the power supply agency. The fund so provided will be repaid by the unit as a soft loan on terms as under para 9.8 and that state Government shall determine in the accepted rehabilitation or revival proposal over the respective periods of rehabilitation or revival or over a period of 5 years, whichever is earlier.

9.7.3 Small Scale Sick units shall be allowed full rebate on delayed payment surcharge during the period of sickness, if it is included in the dues of Electricity Board.

9.7.4 In case of disconnection of electricity, the small scale sick unit shall be exempted from AMG charge and other contractual guarantee charges for the period of disconnection.

9.8 Grant of Soft Loans/Equity participation : In the event that the means of finance in accepted rehabilitation proposals in respect of eligible "Closed" Units or that in accepted revival proposals in respect of eligible "Sick" Units cannot be fully tied up after duly considering the commensurate sacrifices by creditors and fresh inflows including a requisite promoters contribution State Government upon being satisfied in respect of viability of the rehabilitation or revival effort may grant support by way of extending loans on suitably soft terms/ or equity participation that will depend on merits in individual cases to bridge the gap in means of finance. In case of equity participation buy back of shares will be on accepted terms and conditions for which an agreement/MOU will be entered into with the promoter. provided however that .

- (a) The extension of this soft loan support will be appropriately secured.
- (b) Its repayment terms shall be determined by Government on merits in each case.
- (c) State Government may appoint a nominee Director to the Board of Management of the Unit to safeguard its interests and
- (d) State Government shall receive regular reports of implementation of the accepted rehabilitation proposal.
- (e) The total amount of soft loan under para 9.7 and 9.8 will in general be not more than 50% of the total fresh capital infusion required under the rehabilitation / revival proposal. However, this ceiling of 50% may be relaxed in exceptional case with the approval of SLEC.
- (f) That the interest rate of soft loan will be not less than bank rate and repayment period will not be more than 8 years. In equity participation, the buy back of shares by the promoter will be within 8 years with yearly compounding of interest at a rate which is not lower than the bank rate.

(g) The State Government can nominate any of its Corporations or Authority to act as Nodal agency for the same.

10. Support measures for the revival of eligible "Weak " Units

10.1 Wavier of Electricity Duty. Eligible Units can be granted wavier of duty of the electricity consumed for their manufacturing activities for a period of 3 years or the period of revival whichever is earlier, under the accepted revival proposal.

10.2 Disposal of Surplus Land assets : Eligible Units can be allowed to unblock idle and surplus land assets to augment resources for investment in their rehabilitation or revival provided it forms a part of means of finance to meet its rehabilitation or revival cost in accordance with an accepted rehabilitation or revival proposal and subject to the fulfillment of conditions as per the existing policy package of the Government. This incentive can also be extended to eligible Units requiring relocation on environmental considerations. However, the above shall not be applicable to Industrial area and the government leased lands.

10.3 Grant of Soft Loans/Equity participation : In the event that the means of finance in accepted revival proposals in respect of eligible "Weak" Units cannot be fully tied up after duly considering the commensurate sacrifices by creditors and fresh inflows including requisite promoters contribution, the State Government upon being satisfied in respect of viability of the revival effort may grant support by way of extending loans on suitably soft terms/ or equity participation that will depend on merits in individual cases to bridge the gap in means of finance. In case of equity participation buy back of shares will be on accepted terms and conditions for which an agreement/MOU will be entered into with the promoter.

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- (d) State Government shall receive regular reports of implementation of the accepted rehabilitation proposal.
- (e) The total amount of soft loan under para 9.7 and 9.8 will in general be not more than 50% of the total fresh capital infusion required under the rehabilitation / revival proposal. However, this ceiling of 50% may be relaxed in exceptional case with the approval of SLEC.
- (f) That the interest rate of soft loan will be not less than bank rate and repayment period will not be more than 8 years. In equity participation, the buy back of shares by the promoter will be within 8 years with yearly compounding of interest at a rate which is not lower than the bank rate.
- (g) The State Government can nominate any of its Corporations or Authority to act as Nodal agency for the same.

11. Review of approved schemes : The department of Industries will regularly review the implementation of the approved rehabilitation/revival scheme under this scheme-2003. If any anomaly is found on the part of the unit or the promoter in implementation of the approved revival/rehabilitation scheme, or the ID is convinced that the continuance of the implementation of the scheme in case of any unit is not in best interests of the state, then the approved scheme can be withdrawn by the department with the approval of the state government and legal steps for recovery, if required, any be initiated. If any unit is aggrieved by above decision, it can represent before the SLEC within one month of such decisions.

12. MONITORING AND REVIEW : The high power Cabinet Committee headed by the Chief Minister constituted under section 36.1 of the Jharkhand Industrial Policy-2001 will monitor the implementation of this scheme. The committee shall also take up issue on case to case basis and after all required help/support beyond above provisions in exception circumstances for rehabilitation/revival of closed/sick/weak units.

13. Power to amend :

13.1 Notwithstanding any thing contained in any of the provisions of the 2003 Scheme, The State Government may at any time –

- (a) Make any amendment to this scheme but the commitments already made for an approved scheme shall not be affected by any such amendments;
- (b) May issue instructions and guidelines to facilitate implementations, to remove anomalies and to clarify the interpretations of the provisions of this Scheme.

By the Order of the Governor,

(Vimal Kirti Singh)
Secretary
Industries Department
Jharkhand , Ranchi

Memo No _____ /Ranchi, Dated,

Copy forwarded to the Superintendent, Government Press, Hinoo, Ranchi for publication in the next issue of extra ordinary Gazette.

It is requested that please make available 300 copies of the said published Gazette to this department.

Secretary
Industries Department
Jharkhand, Ranchi

Memo No _____/Ranchi, Dated

Copy forwarded to All Government Departments/All Heads of the Government Departments / Chairman, Jharkhand State Electricity Board, Ranchi / Commissioners Commercial Taxes, Jharkhand / All Divisional Commissioners / All District Industries Centres / All Industrial Area Development Authoritied / Director, SISI, Ranchi / Convener, SLBC, Ranchi All Industries Association of Jharkhand for informations and necessary actions.

Secretary
Industries Department
Jharkhand, Ranchi.