

## Madhya Pradesh

### **New Industrial Policy- 2004 (Including the Provisions as Amended in 2007)**

With a view to attain a double digit economic growth in Madhya Pradesh and for making the state prosperous, the state Cabinet has approved the new industrial policy (Industrial Promotion Policy 2004 and Action Plan). The Industrial Promotion Policy would be effective for five years from April 1, 2004.

The new policy envisages on creating an industry-friendly administration, maximizing employment opportunities, tackling industrial sickness, to rationalizing rates of commercial taxes and bolstering private sector participation. The main thrust of the policy is :-

- Establishment of a Madhya Pradesh Trade and Investment Facilitation Corporation
- Enacting an Industrial Facilitation Act and to change rules of business with a view to make single window system decisive and result oriented.
- Developing infrastructure for enhancing identified industrial clusters.
- Reviving closed down/sick industrial units by granting special packages.

Under the action plan prepared for implementation of the Industrial Promotion Policy following institutional arrangements will be made.

1. **Constitution of Industry Advisory Council:** An Industry Advisory Council would be constituted under the chairmanship of the Chief Minister for giving suggestions and advices to expedite industrialization of the state. The Minister for Commerce and Industry would be the vice chairperson of the council, which would also include Ministers for Energy, Finance, Commercial Taxes and Housing and Environment. Representatives of leading industries associations of the state and Chief Secretary would also be its members. Renowned economists, industrialists and other experts of the country would be special invitees in the advisory council. The Principal Secretary Commerce and Industry would be the member secretary and Principal Secretary to Chief Minister would be member of the council.
2. **Creation of Madhya Pradesh Trade and Investment Facilitation Corporation:** A Madhya Pradesh Trade and Investment Facilitation Corporation would be constituted to effectively implement the single window system. Established from the Madhya Pradesh Export Corporation, the Corporation would function independently as a Secretariat for implementation of the single window system.
3. **Formation of empowered committees for single window clearances:** Empowered committees would be created for granting single window clearances to industrial and other investment projects. This would entail on bringing amendments in the rules of business and enacting the Industrial Facilitation Act. The committees would be empowered to encourage time-bound investments in their respective areas of jurisdiction by taking appropriate decisions.

**The empowered committees would be at three levels :-**

- District level investment promotion empowered committee- This committee under

the District Collector would grant clearances for projects up to Rs. 3 crore..

- ◆ State level investment promotion empowered committee- This committee would be formed under the Minister for Commerce and Industry and would grant clearances and give directions for projects involving investments in the range of Rs 3 crore to Rs 25 crore.
- ◆ Apex investment promotion empowered committee- This Committee would be headed by the Chief Minister and would grant clearances to investment projects of over Rs 25 crore. The committee would also underline a strategy for attracting investments and give other appropriate directions.

4. An Industrial Infrastructure Development Fund would be created, for addressing the fiscal hiccups in the development of industrial infrastructure. A monetary amount of Rs 10 crore to be provided every year for the next five years, would be used as revolving money for infrastructure growth.
5. Dual taxation would be abolished in industrial areas. Autonomous industrial committees would be responsible for maintenance and upkeep of industrial areas. Necessary amendments would be made in the Municipal Act 1961, Municipal Corporation Act 1956 and Panchayat Act 1993 for transferring powers and responsibilities pertaining to property tax, duty on transfer of properties, sewage, building control public services etc. to these Committees.
6. In a bid to build a competitive environ, industries and their ancillaries would be promoted in clusters while keeping in mind the availability of raw materials, skilled labour and market potential. The clusters identified for this purpose are :-

<b>Indore</b>	Pharmaceutical, Textile, Food Processing, Information Technology, Auto-Components
<b>Bhopal</b>	Engineering, Fabrication, Biotechnology, Herbal Products, Information Technology, Food Processing.
<b>Jabalpur</b>	Garment, Mineral, Forest and Herbal based industries, Food Processing.
<b>Gwalior</b>	Electronics, Information Technology, Fast Moving Consumer Goods and Commodities, Light Engineering, Food Processing
<b>Rewa</b>	Refractories, Lime Stone and Forest based industries.
<b>Sagar</b>	Major and Minor minerals processing

7. The State Government would give priority to develop following industrial parks :-

<b>Indore-Pithampur</b>	Apparel Park, Gem and Jewelry Park, Software Technology Park and Herbal Park
<b>Bhopal</b>	Life Sciences Institute
<b>Jabalpur-Katni</b>	Apparel Park and Stone Park
<b>Rewa-Satna</b>	Herbal Park
<b>Tikamgarh-Sagar-Chhatarpur</b>	Granite Park

8. Special packages unscored for sick industrial units would endeavour for their rehabilitation through acquisition and purchase of sick units. Sick small industries would also fall in the ambit of the revival scheme.
9. Pradhan Mantri Rojgar Yojana and other employment oriented schemes would be implemented for educated unemployed youth of lower income families. For families with an annual income of up to Rs 1.50 lakhs, **Deendayal Rojgar Yojana** would be launched for providing assistance to unemployed youths to start self-employment ventures. This scheme would be implemented in place of existing scheme of providing unemployment allowance to the unemployed person. The State Government has already created Madhya Pradesh Employment Board for supervision of all employment and self-employment oriented schemes and suggesting policy interventions for increasing employment.

**The New Policy would provide following concessions and facilities to industries commencing production on or after 1st April, 2004**

**1. Industrial Investment Promotion Assistance:-**

- ◆ An Industrial Investment Promotion Assistance, equivalent to 50% amount of Commercial Tax and Central Sales Tax (excluding Commercial Tax on the purchase of raw material) deposited by the unit in the preceding year would be given to the industry; having fixed capital investment between Rs 1.00 crore to Rs 10 crores. Provision for this purpose would be made in the departmental budget. This would be available for 3 years in advanced districts and for 5 years in the backward districts. Assistance will not be more than fixed capital investment.
- ◆ An industrial Investment Promotion Assistance equivalent to 75% amount of Commercial Tax and Central Sales Tax (excluding Commercial Tax on the purchase of raw material) deposited by the unit in the preceding year would be given to the industry having fixed capital investment more than Rs 10.00 crores. Provision for this purpose would be made in the departmental budget. The assistance would be available as per the following chart :-

S.No.	Category of District	Minimum eligible fixed capital Investment	Duration of Assistance
1.	Advanced District	Rs 25 Crore	3 Years
2.	Backward District A	Rs 20 Crore	5 Years
3.	Backward District B	Rs 15 Crore	7 Years
4.	Backward District C	Rs 10 Crore	10 Years

Amount of assistance will not be more than fixed capital investment.

- ◆ For information technology industries, the above assistance would be available only in the IT Parks

**2. Concessions to Mega Projects in allotment of land :-**

Industrial units having fixed capital investment of Rs 25 crore and above (excluding working capital) would be treated as Mega projects. 5 to 20 acres

land at concessional rate of 25 percent of the stipulated premium rate would be made available to such projects, depending upon the size of investment.

3. **Concessional package for Mega Projects and Projects of special importance :-**

Mega Projects of special importance with infusion of modern technology management could be given special economic or other package could be sanctioned by the Apex Level Investment Promotion Empowered Committee headed by the Chief Minister, on a case by case basis, keeping in view the requirements of such projects and resources of the state government. Industrial units in food and agro processing, milk products, herbal and forest based products would be treated as Mega Projects for this purpose, if their fixed capital investment is over Rs 10 crore.

4. **Exemption in Stamp Duty and Registration Charges :-**

- a. Industries that obtain loan for new units, expansion, diversification or modernization would be eligible for exemption in stamp duty and registration charges in the legal documents as per the following chart :-

Category Of districts	Stamp Duty		Registration Fee	
	Small Industry	Large and Medium scale Industry	Small Scale Industry	Large and Medium Scale Industry
Backward B	100% exemption	50% exemption	Re 1 per thousand	50% of general rate
Backward C	100% exemption	100% exemption	Re 1 per thousand	Re 1 per thousand
N.I.B.	100% exemption	100% exemption	Re 1 per thousand	Re 1 per thousand

- b. Stamp Duty and Registration charges would be levied on the premium amount as charged by the Industry Department for lease deeds of land and shed in Industrial Areas and Industrial Growth Centres.
- c. Stamp duty and registration charges would be levied only on the transfer fee; charged by the Industry Department in cases of land transfer. Blood relations (Husband/Wife/Mother/Father/Son/ Daughter/Brother/Sister Grand Daughter/Grand Son) would not be included in the transfer category for ownership or partnership units. In such cases no transfer fee would be charged. Appropriate amendments in the lease deed would be made for which Rs 1000/- as stamp duty and Rs 100/- as registration fee would be charged.
- d. Stamp Duty and Registration Charges would be fully exempted for the industrial units, which have been closed down and acquired by the financial institutions and banks or sick and closed units referred to BIFR or liquidator for disposal.
- e. Full exemption in stamp duty and registration charges for sale/transfer of sick units; as defined by RBI and closed down industrial units would be given.
- f. If existing managements of an Industrial unit did not succeed in running the unit at more than 50% of its installed capacity for 3 years and for better utilization of capacity he sells the unit as "on going concern" to another entrepreneur or the said unit **Merges/Amalgamates** with another company then in the such cases stamp duty and registration charges would be limited to a maximum of Rs 10 lacs

5. **Exemption from Electricity Duty on Captive Power Generation :-** for a period of 5 years.
6. **Entry Tax :-** Exemption would be given to New Industry for a period of 5 years from the date of first purchase of Raw material.
7. **Interest Subsidy on Term Loan :-** This subsidy will be available to the New units at a interest rate of 3% to 5% for a period of 5 years to 7 years for a total amount of Rs 10 lacs to Rs 20 lacs; depending upon the category of districts in which unit has been set up. This subsidy would also be available in "No Industrial Block" even though it falls in Advance District.
8. **Subsidy to Industry under Thrust Sector :-** Industry under Textile, Information Technology, Bio-Technology, Automobiles, Pharmaceu- ticals and Herbal, Food Processing, Agriculture and Urban Waste Processing, sectors have been categorized as Thrust Sector. In order to encourage the establishment of industry in the Thrust Sector a special subsidy will be given at the rate of 25% of the fixed investment to a maximum of Rs 10 lacs to 25 lacs as per the category of the District. These industries would not be eligible for other capital investment subsidy.
9. **Capital Investment Subsidy:-** On fixed investment as per following particulars would be given to small scale industries.

District Category	Percentage of Fixed investment as subsidy	Maximum Amount
Backward A	15%	Rs 5.0 lakh
Backward B	15%	Rs 10.0 lakh
Backward C	15%	Rs 15.0 lakh

**10. Special provisions for entrepreneurs belonging to scheduled caste and scheduled tribes and women entrepreneurs :-**

- ♦ Interest subsidy on the term loan at a rate of 5% for a period of 5 years without any ceiling would be provided to the industrial units owned by women, scheduled caste and scheduled tribe entrepreneurs.
- ♦ Investment subsidy at the rate of 15 percent of the capital investment with a ceiling of Rs 5 lacs would be given to said category of entrepreneurs in advanced districts.
- ♦ Upper limit for investment subsidy in the backward districts of A, B & C category would be Rs 6 lacs, Rs 12 lacs and Rs 17.5 lacs respectively.

**11. Concessions to the Existing Units :-** Existing units undergoing expansion/ diversification/technological upgradation will be treated as a new unit for the purpose of concessions and facility as a New unit subject to the condition that additional fixed investment is more than 50% of the existing unit and with a minimum amount of Rs 5.00 crore.

**12. Exemption from Mandi Tax :-**

- ♦ Mandi Tax would not be levied on the agricultural produce brought from outside the state as raw material by a food processing industry.
- ♦ Agricultural produce used as raw material in the industries set up in the food parks would be exempted from Mandi Tax.

**13. Concessions to Food Processing Industry :-**

- Commercial Tax levied on the raw material of food processing industry; set up in food parks shall be adjusted (set off) against the Commercial Tax of the finished goods.
- With a view to encouraging food processing industry, reimbursement of up to Rs One lakh or 10% of actual expenditure made for obtaining quality certification and research work would be given. Food processing industry, which is in the small scale category, would also be eligible for marketing grant. Efforts for brand building of food processing industry in the small-scale sector would also be encouraged. For this purpose reimbursement for establishing stall in national level/state level, exhibition/seminars or giving advertisement would be made, on the basis of actual expenditure. In the first year Rs 75 thousand in the second Rs 50 thousand and in the third year Rs 25 thousand could be reimbursed.

14. The new policy contains **special packages** for textile, medicinal and herbal industries and automobile component industry.
15. **Special packages** for reviving the small scale, large and medium scale sick/closed units and for restarting by a new entrepreneur have been provided in New Industrial Policy.
16. **Partial Reimbursement of Expenditure:-** Incurred for Project Report, ISO 9000, quality certification, patent.
17. **Land at Concessional Rate for Ware Housing would be provided.**
18. **Encouragement for the development of Industrial Parks by private Sector:-** All assistance would be provided including subsidy up to Rs 1.00 crore.