

TAX FLASH NEWS

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Maharashtra New Industrial Policy, 2019

With an intent to make Maharashtra, USD1 trillion economy in the country, the Government of Maharashtra has released 'Maharashtra New Industrial Policy, 2019'¹, which shall be valid for a period of five years from 1 April 2019. The incentives in the industrial policy are in the form of power subsidies, interest subsidies, stamp duty exemption, electricity duty exemption and subsidy on state GST paid.

Gist of the Industrial policy is summarised as under –

1. Target

- a. To attain manufacturing sector growth rate of 12 per cent to 13 per cent, to reach gross state domestic product (GSDP) share of 25 percent by 2023-24
- b. Attract investments worth INR10 lakh crore by 2023-24
- c. Create employment opportunities for 40 lakh people by 2023-24.

2. Promotion of thrust sectors

Following sectors have been identified by the state government as thrust sector. These sectors shall be accorded priority in land allotment and incentives. The sectors identified are as under –

- Electric vehicles (manufacturing, infrastructure and servicing)
- Aerospace and defence manufacturing
- Industry 4.0 (artificial intelligence, 3D printing, internet of things and robotics, nanotechnology)
- Integrated data centre parks (IDCP)
- Textile machinery manufacturing
- Manufacturing of biotechnology and medical and diagnostic devices
- Agro & food processing units (secondary and tertiary units)
- Information Technology (IT) and IT enable services (ITES)
- Electronic systems design & manufacturing and semi-conductor fabrication
- Logistics and Warehousing
- Green Energy / Bio Fuel Production
- Sports and Gym Equipment manufacturing
- Nuclear Power plant equipment manufacturing
- Mineral / Forest based industries.

¹ Maharashtra New Industrial Policy 2019 dated 7 March 2019

3. Fiscal incentives for Micro, Small and Medium Enterprises (MSME) and small industries

MSME shall include units as per the definition of Government of India-Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 and small industries with fixed capital investment (FCI) of up to INR50 cr.

Particulars	Zone A	Zone B	Zone C	Zone D	Zone D+	Specified areas ²	No industry area ³
Eligibility period (years)	-	7	7	10	10	10	10
Ceiling as % of FCI	-	30%	40%	50%	60%	80%	100%
Stamp duty exemption	100 per cent exemption within investment period for acquiring land including assignment of lease rights, sale certificate and for term loan purposes. In case of zone A and B, exemption are offered only to IT [^] and BT ^{^^} manufacturing units in IT and BT park						
Electricity duty exemption	Exemption only to 100 per cent export oriented MSMEs and IT/BT units for seven years		Exemption for tenure equal to eligibility period		-	Exemption for tenure equal to eligibility period	
Power subsidy	-	Subsidy for eligible units shall be for 3 years from the date of commencement of commercial production. - Units located in Vidharbha, Marathwada, North Maharashtra and districts of Raigad, Ratnagiri and Sindhudurg will be to the extent of INR1 per unit consumed - Other areas, to the tune of INR0.50 per unit consumed					
Interest subsidy	-	Subsidy @ 5 per cent per annum up to maximum of value of electricity consumed and bills paid for that year					
State Goods and Services Tax (SGST)	Investment promotion subsidy of SGST paid by unit on the first sale of eligible products billed and delivered to the same entity within Maharashtra						

[^]IT – Information Technology

^{^^}BT – Biotech

² Vidharbha, Marathwada, Ratnagiri, Sindhudurg and Dhule

³ No industry districts, naxalism affected areas and aspirational districts

Notes –

- The aggregate of all the above incentives shall not exceed the ceiling specified
- Units under the PSI 2013 scheme shall be eligible for stamp duty exemption for the investment period

4. Large scale industries (LSI) –

LSI are defined as industrial units satisfying the minimum threshold limits of FCI or direct employment prescribed:

Particulars	Zone A & B	Zone C	Zone D	Zone D+	Specified areas	No industry area
Minimum FCI (INR)	750 cr.	500 cr.	250 cr.	150 cr.	100 cr.	100 cr.
Minimum direct employment	100 nos.	750 nos.	500 nos.	400 nos.	300 nos.	250 nos.
Stamp duty exemption	100 per cent exemption within investment period for acquiring land including assignment of lease rights, sale certificate and for term loan purposes. In case of zone A and B, exemption are offered only to IT and BT manufacturing units in IT and BT park					
State Goods and Services Tax (SGST)	Investment promotion subsidy of SGST for first sale within the state and billed and delivered to the same entity. The shall be provided on first-cum-first serve basis					
Electricity duty exemption	Exemption only to 100 per cent export oriented MSMEs and IT/BT units for seven years	Exemption for tenure equal to eligibility period		-	Exemption for tenure equal to eligibility period	

Notes –

- For units having investment more than INR50 cr. and up to minimum investment stipulated for large scale units industrial promotional subsidy shall be 40 per cent of the SGST paid for first sale within the state. This however shall not be applicable for units in 'A' and 'B' zone
- LSI units in thrust sectors shall get additional incentives
- Units under the PSI 2013 scheme shall be eligible for stamp duty exemption for the investment period
- Aggregate fiscal incentives provided shall not exceed the investment promotional subsidy (IPS) (as a percentage of FCI) as defined by the state government.

5. Mega and ultra-mega projects

Industrial units satisfying the minimum threshold limits of FCI or direct employment prescribed shall be classified as mega projects / ultra-mega projects

Particulars	Entire state	Zone A & B	Zone C	Zone D	Zone D+	Specified areas	No industry area
Classification	Ultra-mega	Mega industrial units					
Minimum FCI (INR)	4000 cr.	1500 cr.	1000 cr.	750 cr.	500 cr.	350 cr.	200 cr.
Minimum direct employment	4000 nos.	2000 nos.	1500 nos.	1000 nos.	750 nos.	500 nos.	350 nos.

Incentive –

- Present policy of MIDC regarding allotting plots on priority basis shall continue
- High Power Committee (HPC) under Chief Secretary shall approve customized package of incentives
- Cabinet sub-committee under the chairmanship of the Chief Minister to approve customized incentives on case to case basis
- State Government shall be equity partner of 9 per cent through Maharashtra Vikrikar Rokhe Pradhikaran Limited (MVRPL) in Large, Mega and Ultra projects in the state and projects with FCI of more than INR500 cr.
- Apart from Industries Departments Package Scheme of Incentives, the financial refunds/incentives to an industrial units from all sources put together shall be admissible within the limit of 100 per cent of FCI.

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