

## Fiscal & Non Fiscal Incentives provided by Government of Punjab

### **Fiscal Incentives**

#### **STARTUP UNITS**

##### **Definition**

As defined by DIPP, GoI, Startup is an entity incorporated or registered in India:

- i. Not prior to 07 years, however for Biotechnology Startups not prior to 10 years
- ii. With annual turnover not exceeding INR 25 crore in any preceding financial year, and
- iii. Working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

Such entity is should not be formed by splitting up, or reconstruction, of a business already in existence

##### **Fiscal Incentives**

###### Startups

- Interest subsidy of 8% p.a. on loans upto INR 5 lakh p.a. for 5 years
- Reimbursement of 25% of lease rental up to Rs 3 lakh p.a. for 1 year
- Seed grant up to Rs 3 Lakh per start up routed through incubators
- Corpus of INR 100 Cr for Alternative Investment Funds (AIF)
- All the incentives of MSMEs

###### Incubators

- Capital grant of 100% of FCI upto Rs 1 Cr for government incubators
- Capital grant of 50% of FCI upto Rs 50 lakh for private incubators
- Mentoring Assistance up to INR 3 lakh per year for a period of 5 years
- Rs 5 lakh per start up competition fest to eminent educational institutes.

#### **MSME UNITS**

##### **Definition** (*Revised Classification applicable w.e.f 1<sup>st</sup> July 2020*)

All manufacturing and service industry units as defined by Ministry of MSME, Government of India from time to time.

Composite Criteria: Investment in Plant & Machinery/equipment and Annual Turnover for Manufacturing Enterprises and Enterprises rendering Services			
<b>Classification</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>
Investment in Plant and Machinery or Equipment ( <i>Not more than</i> )	Rs. 1 crore	Rs. 10 crore	Rs. 50 crore
Annual Turnover ( <i>Not more than</i> )	Rs. 5 crore	Rs. 50 crore	Rs. 250 crore

##### **Incentives**

- 100% Reimbursement of net GST Incentive for 7 years upto 100% FCI
- 5% p.a. Interest Subsidy in Border Districts and Kandi Area and SC/Women Entrepreneurs upto 10 Lakh/ year for 3 years
- 100% exemption in Electricity Duty for 7 years

- 100% exemption/ reimbursement from Stamp Duty
- Reimbursement of 50% of expenses upto Rs 5 lakh under ZED scheme of GOI
- Assistance for Finance, Technology, Infrastructure, Marketing & Exports

## LARGE UNITS

### Definition

All manufacturing and service industry units not falling within the definition of MSME as defined by Ministry of MSME, Government of India from time to time.

### Service Enterprises that can avail incentives applicable to Large Units

- IT and ITES
- Life Sciences
- Skill Development Centres, Incubation Centres, Accelerators
- Healthcare
- Tourism & Hospitality
- Media and Entertainment
- Logistics including Bulk Courier Service
- Maintenance, Repair and Overhaul (MRO) in the aviation & Defence Sector
- Industrial R&D and Industrial Testing Labs
- Engineering and Design Services
- Equipment Rental and Leasing (construction and industry related)
- Equipment Maintenance and Repair
- Environment services (Sewerage/ refuse disposal)
- Printing presses offset printing press, Flexi/Vinyl Printing, Flex printing
- Readymade Garment units with investment more than 10 lakh on Machinery & Equipment
- Packaging activity with investment more than 10 lakh on Machinery & Equipment
- Any other service enterprises notified by the State Government for inclusion in the list from time to time

### Fiscal Incentives

- 75% of net GST Incentive for 7 years upto 100% of FCI
- 100% Exemption from ED for 10 years
- 100% Exemption / reimbursement from Stamp Duty
- 50% Exemption from Property Tax for 10 years

## THRUST SECTOR UNITS

### Definition

All units falling under the thrust sectors identified in the policy keeping in view the potential for their future growth and employment generation

Manufacturing Industry	Service Industry
1. E-vehicle, NRSE Equipment, Energy Storage Devices, Medical Equipment, Industry 4.0	1. IT and ITES
2. Textiles including Apparel and Made-ups, Technical Textiles	2. Life Sciences
3. Footwear and Accessories	3. Skill Development Centres, Incubation Centres, Accelerators
4. Agri & Food Processing Industries	4. Healthcare
5. Electronics	5. Tourism & Hospitality
6. Aerospace and Defence	6. Media and Entertainment
7. Biotechnology, Pharmaceutical	7. Logistics
	8. Maintenance, Repair and Overhaul (MRO) for Aviation and Defence Sector

8. Processing of Agro waste (Bio mass) into Energy, Bio-Energy, manure or any other usable Form	
9. Bicycle and Bicycle components/ parts	
10. Alloy Steel	

### Fiscal Incentives

- 100% of net GST incentive for 10 years upto 125% FCI
- 100% Exemption from ED for 10 years
- 100% exemption/ reimbursement from Stamp Duty
- 100% exemption from CLU/ EDC
- 100% exemption from Property Tax for 10 years
- Other Incentives provided to MSMEs

### Special Sectoral Incentives for Thrust Sector Units

Sector	Incentive
<b>Agri &amp; Food Processing</b>	100% exemption of all taxes & fees paid for purchase of raw material upto 10 years
<b>Textile including Apparel &amp; Made-ups, Technical Textiles</b>	5% interest subsidy for MSMEs for 3 years upto Rs. 10 lakh p.a.
<b>Electronics</b>	50% top up of Capex support provided by DEITY, GOI to first 10 Anchor upto Rs. 10 Cr. Per unit
<b>Tourism &amp; Hospitality</b>	100% entertainment tax exemption
<b>IT &amp; ITES</b>	50% of FCI subject to ceiling of Rs. 2.5 Cr. per unit

### ANCHOR UNITS

#### Definition

Sectors	Minimum FCI (Rs. In Cr)		Minimum Direct Employment Generation
Apparel & Made ups, Electronics, Food Processing, Footwear & Accessories and IT & ITES	50	or	500
Any other Manufacturing Sector or Service Sector (as defined for large industries)	200		1000

### Fiscal Incentives

- 100% Reimbursement of net GST Incentive for 15 years upto 200% of FCI
- 100% Exemption from CLU/EDC charges
- Employment Generation subsidy @ Rs. 36,000/ employee/ year for men and Rs. 48,000/ employee/ year for women and SC/BC/OBC upto 5 years
- 100% Exemption from ED for 15 years
- Exemption from payment of extra 2% over MSP to Food processing units for setting up private marketing yards

## BORDER ZONE UNITS

### Definition

All units falling under the Border Zone, which is the area 30 kms of international boundary, as certified by concerned Revenue Authority

### Fiscal Incentives

- 100% exemption from CLU, EDC charges
- 75% exemption on all state taxes & duties for the First unit
- First unit will also be entitled to 40% additional FCI in the maximum limit prescribed for reimbursement of Net GST Incentive

## EARLY BIRD UNITS

### Definition

First 05 new MSME units & first 05 new Large units which will come up in the new Industrial Parks approved by the State

### Fiscal Incentives

- 100% of net GST incentive upto 125% FCI

## SICK UNITS

### Definition

- MSME units fulfilling RBI criteria laid down in the comprehensive framework for revival & rehabilitation of MSMES (Accounts remain NPA for 3 months or more or erosion in net worth to the extent of 50%)
- Large units registered / declared sick by the BIFR.
- Units acquiring large sick units
  - i. Minimum enterprise value of sick unit shall be Rs. 50 Crore
  - ii. Existed for atleast 5 years and {Incurred accumulated losses equal to, or exceeding its entire net worth at the end of last financial year or categorized as NPA in last 8 quarters consecutively}

### Fiscal Incentives

MSME Units	Large Units	Acquisition of Sick Units & Revival Thereof
<ul style="list-style-type: none"><li>• Deferment of recovery of Electricity Duty, Power Bills, House Tax and Water Charges for 5 years</li><li>• Exemption from minimum charges for electric connection</li><li>• Exemption from electricity duty for 2 years</li></ul>	<ul style="list-style-type: none"><li>• Reimbursement upto 75% of Net GST Incentive for a period of 5 years</li><li>• Deferment of recovery of various arrears for a period of 5 years</li><li>• Exemption from minimum charges for electric connection</li><li>• Exemption from electricity duty for 3 years</li></ul>	<ul style="list-style-type: none"><li>• Exemption from ED and reimbursement of incentive account of Net GST Incentive for 7 years</li></ul>

## **Non Fiscal Incentives**

### **IT/ITES/Knowledge Industry Units**

- Permissible FAR 1:3
- Exemption from PAPRA and Grant of CLU for Anchor Projects
- Exemption from Consent Management for Green Category units

### **Apparel and Made-ups Sector**

- Liberalized Zoning and High FAR

### **Retail Enterprises**

- 24x7 operations for all genders
- Retail to stay open 365 days a year