

Gujarat Industrial Policy-2020  
Scheme for Capital Subsidy to  
Large Industries and Thrust  
Sector

Government of Gujarat  
Industries & Mines Department

Resolution No: MIS-102020-327024-I

Sachivalaya, Gandhinagar

Dated: 01/09/2020

**Read:**

- 1) Gujarat Industrial Policy-2020.

**Preamble:**

Gujarat is the most industrialised state in India. It has been recognised nationally and globally for offering conducive business ecosystem that is supported by ease of doing business and state-of-the-art infrastructure. The state has witnessed unprecedented growth in terms of investments, both FDI and domestic. The Industrial Policy has provisions to promote industries focusing to adopt sustainable and cleaner manufacturing and innovative Industry 4.0 practices. It also lays objective to encourage entrepreneurship and strengthen MSMEs and facilitate cluster development.

Large industrial enterprises have an important role in development of industrial ecosystem of an area. Besides generating revenue for the state government and creating local employment, large industries are also beneficial in bringing in high-end technologies. They also aid in generation of an ancillary industry around them thereby having a multiplier effect on employment, revenue and overall growth.

Gujarat has been successful in attracting large sector investments in the states, both domestic as well as from other countries. In line with the mission of Atmanirbhar Bharat, the state has identified 15 thrust sectors for industrial promotion. The sectors have been segregated in 2 categories:

**Core sectors:** These are the sectors where Gujarat already holds a leadership position in the country. The policy will give a further boost to these sectors to empower global competitiveness of Gujarat's industrial ecosystem in these sectors. It is realized that Gujarat's strong position can be capitalized to have a multiplier effect and thus achieve stronger growth.

**Sunrise sectors:** These are the sectors that are upcoming/ niche sectors in India and around the globe. This policy provides specific incentives and provisions for creating an enabling ecosystem for their establishment in the state. The intention is to make the state more competitive and lucrative than other similar regions/ geographies.

In view of the above, a scheme is introduced for giving incentives to new investments in the state in the manufacturing sector in order to boost overall economic growth in state and generate employment opportunities. After careful consideration, Government is pleased to introduce a scheme to provide incentives to attract increased investments to the state in the manufacturing sector to create more employment opportunities, for balanced regional growth and inclusive development of the state.

**Resolution:**

In view of the strategy under Gujarat Industrial Policy, the Government is pleased to introduce a '**Scheme for Capital Subsidy to Large Industries and Thrust Sector**' which will come into force from the dt.07.08.2020 and will remain in operation for a period of five years. i.e. upto 06.08.2025.

1. Definitions

- (i) **Industrial Undertaking:** Industrial Undertaking means a legal entity such as company, partnership firm including LLP, society, trust, industrial cooperative society, or proprietary concern engaged or to be engaged in the manufacture, production, processing or job work of articles.
- (ii) **Micro, Small and Medium Industrial undertaking:** A micro, small or medium industrial undertaking under this scheme

means an industrial undertaking which satisfies the conditions of Micro, Small and Medium Enterprises as per the definition under the MSME Development Act, 2006 and subsequently amended from time to time by Government of India, and has obtained acknowledgement of "Udyog Aadhaar Memorandum / Udyam Registration".

- (iii) **Large Industrial undertaking:** A large industrial undertaking means an industrial project in which the gross fixed capital investment made is higher than the maximum prescribed for a medium enterprise as under the MSME Development Act, 2006 as amended from time to time, and for which an Industrial Entrepreneurs Memorandum has been filed or any other license or permission as prescribed by the Government of India, has been obtained.
- (iv) **New Industrial Unit:** A New Industrial Unit means a new industrial project set up by an industrial undertaking that has commenced the commercial production during the operative period of the scheme, provided it satisfies the following conditions:
- a) The new project should have obtained a separate Letter of Intent or a Letter of Approval or has filed Industrial Entrepreneur Memorandum (IEM) or Entrepreneur Memorandum (EM)/Udhyog Aadhar/ Udyam Registration as prescribed by the Government of India, with the competent authority.
  - b) The new project should have separately identifiable fixed capital investment. 'Separately identifiable capital investment' means the new plant and machinery should be housed in separate premises/ building and shall have to maintain separate books of accounts. However, the new project will not lose its eligibility, if the utilities of an existing project, such as for water, electricity, steam, gas, pollution control facilities etc. are utilised.
- (v) **Thrust Sector:** Thrust sector means the sector which is most potential sector and needs additional support to empower them for global competitiveness. Following Manufacturing sectors have been identified as Thrust Sectors:
- a) Electrical machinery and equipment

- b) Industrial Machinery and equipment
- c) Auto and Auto Components
- d) Ceramics
- e) Technical Textiles
- f) Agro and Food Processing
- g) Pharmaceuticals and Medical devices
- h) Gems and Jewellery
- i) Chemicals (in designated area)
- j) Industry 4.0 manufacturing
- k) Electric Vehicle and its components
- l) Waste management projects
- m) Green Energy (Solar & Wind Equipment)
- n) Eco-friendly compostable material (substitutes to traditional plastics)
- o) 100% export oriented units, irrespective of sector

(vi) **Industrial Complex:** Industrial Complex means more than one new project set up by an industrial undertaking for manufacturing of more than one product at a single location.

(vii) **Existing Industrial Unit:** An Existing Industrial Unit means an industrial project that is in production before initiating the expansion/diversification in the same premise. A new industrial unit set up under this policy that decides to carry out expansion/diversification of existing production line during the operative period of the scheme will be termed as existing industrial unit in reference to the expansion.

(viii) **Expansion:** Expansion means where an existing industrial unit increases its investment in gross fixed capital by at least 50% of its existing project in the same premises, of which at least 60% of investment is made in plant and machinery, and also increases its installed capacity by at least 50% of existing products for which expansion is carried out. Such expansion will be eligible only if the existing industrial unit has reached the utilisation of

existing installed capacity at least to the extent of 75% in any one of the preceding three financial years. The capacity utilisation for the year 2020-21 (due to COVID - 19) will not be considered for the purpose of capacity utilisation, however the industrial undertaking may opt to consider the capacity utilisation of the year 2020-21.

(ix) **Diversification:** Diversification means where an existing industrial unit diversifies its production line with an increased investment in gross fixed capital by at least 50% of its existing project, at the same premise, of which at least 60% of investment is made in plant and machinery.

(x) **Installed Capacity:** Installed Capacity means the optimum production capacity of the plant. In case of company registered under the Companies Act, the installed capacity stated in the latest annual report will be considered as the installed capacity. In case of other legal entities, the installed capacity as mentioned in the appraisal report prepared by a bank or financial institution will be considered as the installed capacity. Where no such appraisal is available, the production capacity as worked out by the Industries Commissioner, or by an officer authorized by him, will be considered as the installed capacity.

(xi) **Gross Fixed Capital Investment:**

(a) Gross Fixed Capital Investment means the investment made in land, building, plant and machinery, utilities, tools and equipment, and other assets required to manufacture the end product.

(b) Assets acquired and paid during permissible period of execution/completion of the project under this scheme shall be considered for determining the gross fixed capital investment.

(xii) **Project Cost:** Project Cost means the total cost of the project minus the margin for working capital.

**Explanation:** However, while deciding the final eligibility of the project for the incentive, total fixed capital investment made in the project or the cost appraised by the bank or financial institution, whichever is lower, will be considered.

(xiii) **Eligible Fixed Capital Investment:** Eligible Fixed Capital Investment means investment made on or after 07-08-2020 and upto the date of completion of the investment period as per para-3 of this G.R.

A. **New Building:** A New Building means a new building constructed, or the acquisition of a new and unused building, for the project, including administrative building. The cost of a new building shall be calculated as per the actual cost or the Schedule of Rates (SOR) of the relevant year of the R&B department of the State Government, whichever is lower.

The cost of new buildings constructed for installation of plant and machinery, R&D activities, in-house testing facilities, storage facilities, and other buildings related to the manufacturing process, shall be considered as per the actual expenditure incurred.

Building acquired under lease or on rental basis, except GIDC sheds, will not be considered as eligible fixed capital investment. No cost incurred on acquisition of old building, or the expenditure incurred on repairing a building, will be considered as eligible fixed capital investment.

B. **Other Construction:** Other construction means construction such as compound wall and gates, security cabins, internal roads, bore well, water tank, internal pipeline network for water and gas, and other related constructions.

C. **Plant and Machinery:** Plant and machinery means new plant and machinery, and imported second hand plant and machinery having usable life for at least further ten years

which is duly certified by Chartered Engineer, utilities, dies and moulds, including cost of transportation, foundation, erection, installation and electrification, capitalised under the head of plant and machinery. The electrification cost will include the cost of sub-station and transformer installed by the industrial unit.

Plant and machinery shall include:

- 1) Plant for non-conventional energy;
- 2) Vehicles used for transportation only within the premises of the industrial unit, and material handling equipment exclusively used in transporting goods within such premises;
- 3) Plant for captive power generation/co-generation;
- 4) Plant for desalination of sea water or purification of water;
- 5) Plant for pollution control measures, including facility for collection, treatment, disposal of effluent or solid/ hazardous waste;
- 6) Diesel Generating sets of capacity not more than 50% of the connected electric load or 25 MW, whichever is less.
- 7) **Technology, Design and Drawings, Patents:** The cost incurred in acquiring technology, design and drawings, patents, limited to 10% of the project cost.

**D. Project related infrastructure:** Fixed capital investment made in the following assets/items will be considered as project related infrastructure. Direct expenditure incurred for the following items will also be considered to determine the eligibility under this head:

- a) Residential colony, hospital, school or sports facilities created for workers and staff of the industrial unit;
- b) Feeder road to the industrial unit from the nearest approach road;
- c) Dedicated facilities created for carrying water, gas, raw material required by the project through pipeline;
- d) Non-refundable deposit paid to Electricity Company for transmission of electricity from the nearest sub-station;
- e) Expenditure on electronic telephone exchange and laying of telecommunication cables;

- f) Construction of building for bank or post office, if provided by the unit without any charge;
- g) Training Centre to train local people for employment in the project and Skill Development Centre;
- h) Expenditure on transport facilities, such as buses, for conveyance of workers from nearby villages/ towns to the factory premises.
- i) Out of the investment in the above stated infrastructure, or any other item of infrastructure approved by the committee, the expenditure up to 20% only thereof shall be considered for inclusion in the final eligible capital fixed capital investment.

**(xiii) Ineligible Capital Expenditure / Assets:**

The following expenditure shall not be considered for calculating the eligible fixed capital investment:

- 1) Land and Land development cost.
- 2) Working capital
- 3) Goodwill
- 4) Royalty
- 5) Preliminary and pre-operative expenses
- 6) Indigenous second hand plant and machinery
- 7) Interest capitalised
- 8) Power generation, except for captive use
- 9) Rented or leased property

**2. Eligibility**

2.1 A new industrial unit, or an existing industrial unit that undertakes expansion or diversification and which commences commercial production during the operative period of the scheme will be eligible to apply under the scheme.

2.2 An industrial undertaking that has availed any incentive for the same assets under any scheme of the state government, or any agency of the state government, shall not be eligible for incentive under this scheme.



**3. Investment period for consideration of eligible fixed capital investment:**

In order to be eligible for incentive under this resolution, the industrial unit must have commenced commercial production during the operative period of the scheme.

The consideration of investment period for eligible fixed capital investment will be, for the assets acquired and paid from 07/08/2020 and during the extended time period as specified below:

1	MSME project	12 months from DOCP
2	Gross capital Investment upto 1000 cr.	18 months from DOCP
3	Gross capital Investment upto 5000 cr.	24 months from DOCP
4	Gross capital Investment upto 10000 cr.	30 months from DOCP
5	Gross capital Investment above 10000 cr.	36 months from DOCP

DOCP means Date of Commercial Production

**4. Category-wise classification of talukas under the scheme and Ineligible Areas:**

Taking into consideration of the investments made, category-wise classification of talukas will be decided letter on.

If a project is located in the geographical limit of more than one taluka, then the taluka in which the project has the largest percentage of land area will be considered as the eligible category of taluka under the scheme.

An industrial undertaking located within the municipal corporation limits of Ahmedabad, Bhavnagar, Gandhinagar, Jamnagar, Junagadh, Rajkot, Surat, and Vadodara will not be eligible for capital subsidy under this resolution.

**5. Quantum of Incentive:**

5.1 An eligible industrial undertaking will be eligible for Capital Subsidy according to the Classification of Taluka.

5.2 The rate of Capital Subsidy shall be as prescribed in the table below:

Taluka Category	General Sectors	Thrust Sectors
Category 1	10% of eligible Fixed Capital Investment (excluding land)	12% of eligible Fixed Capital Investment (excluding land)
Category 2	8% of eligible Fixed Capital Investment (excluding land)	10% of eligible Fixed Capital Investment (excluding land)
Category 3	4% of eligible Fixed Capital Investment (excluding land)	6% of eligible Fixed Capital Investment (excluding land)

5.3 The eligible capital subsidy will be given over a period of 10 years from the Date of Commercial Production (DOCP) in equal annual instalments subject to annual ceiling of INR 40 Crore.

5.4 If the total eligible capital subsidy could not be disbursed within period of 10 years due to upper ceiling of INR 40 cr. per annum, for such unit the eligible period will be extended further upto 10 years. The annual ceiling will remain INR 40 cr. per annum during such extended period.

5.5 In case, if the total eligible capital subsidy is not disbursable within period of 20 years due to upper ceiling of INR 40 cr. per annum, the total entitlement of capital subsidy will be disbursed in equal 20 yearly installments without any upper ceiling.

5.6 After completion of three Years from the last date of investment period as specified in para - 3, the average production for previous three consecutive years should be atleast 50% of actual installed capacity. For the year when

such average production is less than 50% of the installed capacity, the incentive amount for such year will be reduced to 50% of the total eligible incentive for that particular year.

5.7 If the average production consistently remains less than 50% of the installed capacity for three consecutive years, the incentive amount will be discontinued till the average production reaches 50% of installed capacity. For such period where the incentives are discontinued, the industrial undertaking will not be entitled to claim any arrear and / or extension of incentive period.

5.8 The SME enterprises are entitled to opt for this scheme subject to condition that it will not be eligible for capital subsidy and interest subsidy under the incentive scheme of MSME under Gujarat Industrial Policy-2020.

**6. Application for Registration:**

An industrial undertaking eligible for incentive under this GR shall apply for registration, within a period of one year from the date of commercial production (DOCP), to the Industries Commissioner in the prescribed format alongwith the following documents, as applicable:

- a) Document of registration of the industrial undertaking, as applicable under law, and the Industrial Entrepreneur Memorandum or Udyog Aadhar/Udhyam Registration, as prescribed by Government of India.
- b) Documents related to legal possession of land with valid non-- agriculture permission for industrial use, and registered purchase / Lease deed. If the plot or shed is in GIDC estate, a copy of possession letter should be attached.
- c) Consent to Establish from GPCB, if applicable.
- d) Detailed Project Report.

On receipt of the application and after the scrutiny and verification of relevant documents as per the procedure prescribed, registration certificate will be issued by the Industries Commissioner.



The registration certificate issued will be valid upto the eligible incentive period as per para 3.

A project having registration will have to start the commercial production during the operative period of this scheme.

**7. Application for Provisional/Final Eligibility Certificate:**

7.1 After commencement of commercial production, the Industrial Undertaking, having registration, shall submit an application for provisional eligibility certificate within one year, from the date of commercial production or from the date of issuance of the registration certificate, whichever is later.

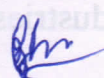
7.2 If project gets completed as on the date of commercial production, Industrial Undertaking may apply directly for final eligibility certificate instead of provisional eligibility certificate.

7.3 If project gets completed within eligible investment period, Industrial Undertaking may either apply for provisional eligibility certificate or directly apply for final eligibility certificate with requisite details.

7.4 If project is not completed within eligible investment period, as mentioned in Para 3, the Industrial Undertaking will have to submit application for final eligibility certificate within one year from the last date of investment period.

7.5 On receipt of the application for provisional eligibility certificate, the application would be scrutinized and the provisional eligibility certificate for capital subsidy will be issued by the Industries Commissioner based on the certificate of Chartered Accountant and Chartered Engineer for the eligible investment made and work completed till the date of commercial production.

7.6 On receipt of the application for final eligibility certificate, the Industries Commissioner will scrutinise and constitute an Asset Verification team to verify the investment details. The final entitlement of capital subsidy will be calculated based on assets verification report. The Asset Verification report of the team shall be placed before the sanctioning authority for final sanction of Capital Subsidy.



7.7 The Final Eligibility of capital subsidy shall be approved by the sanctioning authority. Thereafter, the final eligibility certificate for availing capital subsidy shall be issued by the Industries Commissioner.

7.8 In case, the application for final eligibility certificate is submitted thereafter by industrial undertaking, it will be considered as late submission. In such case, the incentive period and eligible quantum of incentive shall be reduced proportionately to the extent of delayed period.

#### 8. Procedure for Capital Subsidy Claim:

a) An industrial undertaking shall submit the claim application for Capital Subsidy, at the interval of every 6 months, to Industries Commissioner in prescribed Pro forma. The detailed procedure and guidelines will be separately issued by Industries Commissioner.

b) Based on Eligible investment made during the investment period, Annual installment of capital subsidy will be proportionately rescheduled/restructured for the incentive period. The capital subsidy already paid or payable will be deducted accordingly.

#### 9. Registration and Sanctioning Authorities:

##### 9.1 Registration:

The authorities empowered to register an enterprise under this scheme shall be as under:

- MSME and Projects upto 1000cr: Industries Commissioner
- Projects above 1000 cr. :ACS/PS Industries and Mines Dept.

Registration Certificate will be issued by Industries Commissionerate.

## 9.2 Sanctioning Authorities:

### (a) Committee for Investment upto Rs. 100 Cr.

1	Industries Commissioner	Chairperson
2	MSME Commissioner	Member
3	DS/JS Industries & Mines Dept.	Member
4	Financial Advisor Finance Dept.	Member
5	Additional Commissioner of Labour	Member
6	Sr. Engineer GPCB	Member
7	Representative of GCCI	Member
8	Additional/ Jt. Comm. of Industries.	Member Secretary

### (b) Committee for Investment above Rs. 100 Cr upto Rs.2000 Cr.

1	ACS/PS, Industries & Mines Dept.	Chairperson
2	Sec (Exp.) Finance Department	Member
3	Labour Commissioner	Member
4	Member Secretary GPCB	Member
5	President, GCCI	Member
6	Industries Commissioner	Member
7	Add./Jt. Commissioner	Member

### (c) Committee for Investment above Rs. 2,000 Cr.

1	Hon 'ble Chief Minister	Chairperson
2	Hon 'ble Minister for Finance	Member
3	Chief Secretary	Member
4	ACS/PS Finance Department	Member
5	ACS/PS Industries & Mines, Dept.	Member
6	ACS/PS Environment & Forest Dept.	Member
7	ACS/PS Labour & Employment Dept	Member
8	ACS/PS Revenue Department	Member
9	Industries Commissioner	Member Secretary

**10. Chief Minister's Cabinet Committee for Industrial Promotion & Monitoring(CCCIPM)**

Under special circumstances, in the event of need as may arise in a particular case or cases, or for certain categories like relocations of projects in the state from other countries regarded as priority, the Chief Minister's Cabinet Committee for Industrial Promotion & Monitoring (CCCIPM), formed under I&MD GR No. IND-102015-66447-I dated 21/02/ 2015, may sanction customised package or make suitable changes in the terms and conditions of the incentives and/or may sanction additional incentives than that provided under this scheme.

**11. Change in item of production or addition of items:**

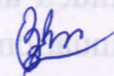
The industrial undertaking will be allowed to add new product/s or change any of its products, during the period for availment of incentive granted to it under the resolution. However, any fresh investment made for the above- mentioned purposes will not be eligible for consideration as eligible fixed capital investment. However, it shall have to inform to the Industries Commissioner/ General Manager District Industries Centre.

**12. Exercising of option:**

An industrial undertaking eligible under this scheme or any other incentive scheme of the State Government, may opt for either of the incentive schemes. If any, industrial undertaking is availing incentive under any other State Government scheme, it will not be eligible under this scheme.

**13. Interpretation**

Any dispute or difference of opinion regarding the interpretation of the provisions of this resolution shall be referred to the Committee constituted under Chairmanship of Hon'ble Chief Minister as per para 9.2 ( c ) of this resolution, and the decision will be final and binding to all.



**14. Other Conditions:**

The incentives granted under the scheme shall be subject to the following conditions.

- a) An industrial undertaking shall be required to employ persons domiciled in Gujarat to the extent of at least 85% of its total number of employees in all categories. The employment of persons domiciled in Gujarat in managerial and supervisory capacity shall not be less than 60% of the number of persons employed by the enterprise in managerial and supervisory capacity.
- b) The industrial undertaking shall be required to submit a list of persons employed and such other information required for verification of having satisfied this condition before the sanction of incentives under the scheme.
- c) The industrial undertaking shall have to submit particulars of local employment and the applicable certificate from GPCB to the Industries Commissioner.
- d) The industrial undertaking may avail incentives under any scheme of Central Government. However, the total incentives received from state and central government scheme should not exceed the approved project cost.
- e) Any investment made by an existing industrial undertaking for renovation, modernisation, rehabilitation, or rationalisation will not be eligible for incentive under this resolution.
- f) An industrial undertaking that has availed incentive under this scheme shall install and effectively operate and maintain pollution control measures as per the standards prescribed and approved by the competent authority in this regard.
- g) An industrial undertaking that has availed incentive under this scheme shall be required to remain in production continuously till the expiry of the eligible period of incentive. However, if production is discontinued due to reasons beyond the control of the management, the sanctioning authority may condone the period for which production is discontinued after due verification of details and reasons of discontinuation of production and after satisfying itself to the same.



- h) The industrial undertaking shall furnish to the Industries Commissioner/General Manager District Industries Centre information regarding production and employment for each financial year within 60 days of the close of the financial year. It shall also furnish information on such other matters that the state government may require from time to time.
- i) In case of any breach of one or more of these conditions, the incentives given under the scheme shall be liable to be recovered as an arrear of land revenue or in any other appropriate manner the government may deem fit.
- j) The Industries Commissioner may separately issue guidelines for the implementation of the scheme.

**14. Budget Provisions:**

The expenditure under the scheme will be met from the sanctioned grant of the respective financial year under the following budget head:

Demand Number	:	49
Major head	:	2852 Industries
Minor head	:	800 Other expenditure
Sub Head	:	36 Assistance to Large Industries

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This issues with the concurrence dated 26/08/2020 of Finance Department received on the file of even number.

By order and in the name of the Governor of Gujarat.

*B. S. Mehta*

(B. S. Mehta)

Joint Secretary

Industries and Mines Department

Copy to:

1. Secretary to Hon'ble Governor of Gujarat
2. Additional Chief Secretary/Principal Secretary to Hon'ble Chief Minister
3. Personal Secretary to all Hon'ble Ministers
4. Advisor to Hon'ble Chief Minister
5. Under Secretary to Chief Secretary
6. Additional Chief Secretary/Principal Secretary, Finance Department
7. Personal Secretary to Additional Chief Secretary I&M
8. C.E.O. GIDB
9. V.C & MD. GIDC Gandhinagar
10. Industries Commissioner, Gandhinagar
11. Accountant General, Rajkot / Ahmedabad
12. Select File