



**Assam**

### **Fiscal Incentives, Exemptions & Subsidies**

#### **PACKAGE OF INCENTIVES**

The incentives under the 1997 scheme shall be available for eligible units of the following categories:

1. SSI unit
2. Tiny unit
3. Small Scale Service & Business Enterprises (SSSBs)
4. Sick Units/Relief Undertaking Units subject to a maximum period of 3 years
5. Units set up by Women Entrepreneurs
6. Large and Medium sector units
7. Export Oriented Units
8. Units undergoing Expansion/Diversification/Modernisation

#### **The Incentives under the 1997 Scheme are as follows:**

1. Power subsidy
2. State Capital Investment Subsidy
3. Sale Tax Exemption
4. Subsidy on Generating Set
5. Equity Participation in the assisted sector
6. Contribution to Feasibility Study Cost
7. Miscellaneous Subsidy comprising of drawl of power line subsidy
8. Subsidy on fees for procurement of NRDC technology, study on pollution control measures and quality control measures.
9. Subsidy on Infrastructure facilities
10. Manpower development subsidy

11. Special incentives for pioneer unit
12. Special incentives for Export Oriented Unit comprising of additional SCIS and special incentives for getting ISO 9000 and BIS 14000 series
13. Special package of incentives for Women Entrepreneurs, Physically handicapped persons and Agro-Food processing Industries

## **DETAILS OF THE INCENTIVES**

### **POWER SUBSIDY**

Power subsidy shall be granted as follows:

Connected Load	Amount of subsidy	Ceiling on subsidy (Per Industrial unit per year)
Upto 1 MW	50%	Rs.5 lakhs
Above 1 MW & upto 5 MW	30%	Rs.15 lakhs
Above 5 MW	20%	Rs.30 lakhs

The above subsidy shall be available for a period of 5 (five) years from the date of commercial production. Power subsidy shall be available in the form of reimbursement of fully paid power bill.

### **INTEREST SUBSIDY ON WORKING CAPITAL**

5% interest subsidy shall be provided to the SSI units with an investment up to Rs.60 lakhs on interest on working capital for the loan obtained from the banks and financial institutions. This benefit shall be available for a period of three years from the date of commercial production and the maximum benefit shall be Rs. 3 lakhs per year per unit.

### **STATE CAPITAL INVESTMENT SUBSIDY (SCIS)**

A special State Capital Investment Subsidy @30% of the capital investment on land, building and plant and machinery etc. subject to a ceiling of Rs. 10 lakhs will be provided to the industries under this policy.

### **SALES TAX EXEMPTION**

All new units and existing units going in for expansion/diversification/modernisation will be granted sales tax exemption for sale of finished products and purchase of raw materials as per following scale:

Category	SSI/Tiny/SSSBs	Medium and Large
New unit	7 years subject to maximum of 150% of fixed capital	7 years subject to maximum of 100 % of fixed capital investment
Units undergoing expansion/diversification/modernisation	7 years subject to maximum of 100% of additional fixed capital investment	7 years subject to maximum of 90 % of additional fixed capital investment
Sick/ Relief Undertaking Units	3 Years subject to maximum of 100% of additional investment made for Rehabilitation.	3 years subject to maximum of 100% of additional investment made for Rehabilitation.

In the case of Electronic industries the tax benefit is up to 250% of fixed capital investment spread over a maximum period of 7 years in view of low fixed capital investment.

#### **EQUITY PARTICIPATION IN THE ASSISTED SECTOR**

Assam Industrial Development Corporation Ltd. (AIDC)/Assam Small Industries Development Corporation Ltd.(ASIDC) may participate in the equity contribution up to 20% of the issued capital of the company subject to a ceiling of Rs. 20 lakhs in any viable project where project cost does not exceed Rs. 5 Crores. Preference would be given to the company floated by Entrepreneurs from Assam. AIDC would participate in the equity share in respect of medium and large scale sector and ASIDC in respect of SSI sector.

#### **CONTRIBUTION TO FEASIBILITY STUDY COST**

For large and medium scale units the cost of Feasibility Report prepared by agencies approved by Udyog Sahayak of AIDC/Directorate of Industries will be subsidised to the extent 90% subject to a ceiling amount of Rs. 2 lakhs in each case. The contribution shall be treated as interest free loan for a period of five years from the date of commercial production and from the date of disbursement of the loan, whichever is later. If the project is not implemented within the prescribed period, feasibility report shall become the property of AIDC/Directorate of Industries and the entrepreneur shall be liable to pay back the entire amount to AIDC within a prescribed time limit.

For small scale units the cost of Feasibility Report prepared by an agency approved by the Udyog Sahayak will be subsidised to the extent of 100% in case of projects whose total

project cost is within Rs. 10 lakhs and 90% in case of projects above Rs.10 lakhs, the ceiling of subsidy being Rs. 50,000/- if the project is not implemented within the prescribed time.

### **MISCELLANEOUS SUBSIDY**

Miscellaneous subsidy as listed below will be provided to eligible units whenever applicable

- 20% of the cost payable of Assam State Electricity Board for drawal of HT/LT line up to the premises of the unit and installation of Transformer for power supply to the unit subject to a ceiling of Rs.1 lakh.
- 50% Of the fees (Excluding recurring royalty) paid for procurement of know-how from National Research & Development Corporation or other Agency recognised by Udyog Sahayak subject to a ceiling of Rs.1 lakh.
- 50% of the cost of pollution control and monitoring equipment subject to a ceiling of Rs.2 lakhs.
- 50% of the cost of quality control equipment subject to a ceiling of Rs.1 lakh.
- The miscellaneous subsidy shall be released only after actual expenditure is made by the unit. The above incentives are applicable for all sectors of industries where the fixed capital investment does not exceed Rs.5 crores.

### **SUBSIDY ON INFRASTRUCTURE FACILITIES**

In appropriate cases, developed land will be allotted on hire purchase basis to the entrepreneurs. The cost of land including cost of development and cost of creation of infrastructural facilities like power, water and approach road will be recovered in annual installment over 15 years from the date of handing over of the land with a moratorium of five years. Such land will be permitted to be utilized by the unit for mortgage/hypothecation for obtaining loans from banks and financial institutions.

In case developed land as stated above is not available for allotment the entrepreneurs will be allotted underdeveloped land. In such case, actual land development case will be provided as an interest free loan to the eligible units subject to the following ceiling:

Project cost	Limit of Interest free loan as % of project cost	Overriding interest free loan limit (Rs. in lakhs)
Up to Rs.2 crores	3.0	5.00

Above Rs.2crores & up to Rs.5 crores	2.0	7.50
Above Rs.5crores & up to Rs.10 crores	2.0	15.00
Above Rs.10crores & up to Rs.50 crores	1.5	50.00
Above Rs.50 crores	1.0	100

### **SPECIAL INCENTIVES TO THE PIONEER UNIT**

A new unit with fixed capital investment exceeding Rs.3crores set up in a district where there are no medium or large scale industries will be given pioneer status. Such unit will be eligible for additional State Capital Investment Subsidy of 5% of fixed capital investment subject to a ceiling of Rs.10lakhs.

### **SPECIAL INCENTIVES FOR EXPORT ORIENTED UNITS (EOUS)**

Special incentives for 100% Export Oriented Unit will be granted as below :-

- Additional State Capital investment subsidy of 10% subject to a ceiling of Rs.10lakhs.
- Additional 20% subsidy on purchase of testing equipment for obtaining ISO 9000/BIS 14000 series registration subject to a ceiling of Rs.2lakhs.
- Special incentives for units other than 100% EOUs with an export effort of a minimum of 25% of the value of the turnover as below
- Subsidy on purchase of testing equipment for obtaining ISO 9000/BIS 14000 series registration at rate of 30% of the cost of the equipment subject to a ceiling of Rs.5lakhs. This is proposed to support quality improvement efforts.

### **SPECIAL INCENTIVES FOR WOMEN ENTREPRENEURS**

Special incentives as detailed below would be granted to Women Entrepreneurs

- Additional State Capital Investment subsidy of 5% subject to a ceiling of Rs.5lakhs where women constitute more than 50% of the workforce in the industry.
- Additional 2% interest subsidy on working capital for a three years from the date of going in to commercial production subject to a ceiling of Rs.1 lakh per annum.
- Built up factory sheds will be allotted to the women entrepreneur on priority basis and the rent will be subsidised @75% of the economic rent for a period of five years from the date of going in to commercial production.

### **SPECIAL INCENTIVES FOR HANDICRAFT INDUSTRIES**

- Additional 10% Special Capital Investment subsidy subject to a ceiling of Rs.2lakhs.

- Additional 2% Interest subsidy on working capital for a period of three years from the date of going in to commercial production subject to a ceiling of Rs. 1 lakh per annum

#### **SPECIAL INCENTIVES FOR PHYSICALLY HANDICAPPED PERSON**

Special incentives as detailed below would be given to the industrial unit set up by physically handicapped persons as given below

- Additional 5% State Capital Investment Subsidy subject to a ceiling of Rs.5lakhs
- Additional 2% interest subsidy on working capital for a period of three years from the date of commercial production subject to a ceiling of Rs.1lakh per annum