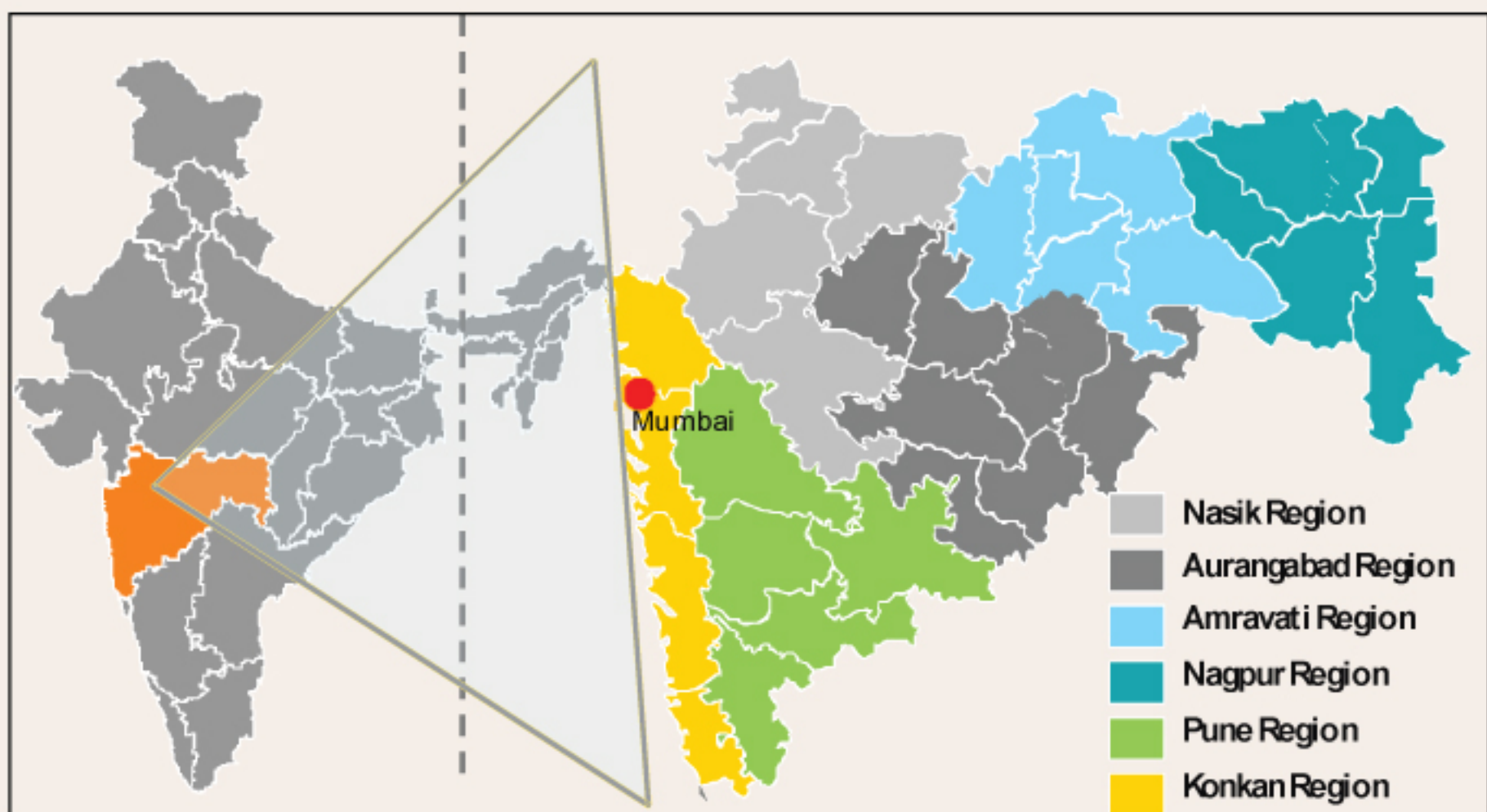




# **Industrial Policy of Maharashtra 2013**

## **ABOUT MAHARASHTRA**

Maharashtra is a state in the western part of peninsular India. The state is bordered by the Arabian Sea to the west, Gujarat and the Union Territory of Dadra and Nagar Haveli to the northwest, Madhya Pradesh to the northeast, Chhattisgarh to the east, Karnataka to the south, Andhra Pradesh to the southeast and Goa to the southwest.



- Maharashtra is the second largest state in India in terms of population and third largest in terms of geographical area, spread over 3.08 lakh sq. km.
- Mumbai, the capital city of the state, is India's largest city and the financial capital of the nation. Nagpur is the second capital of the state. Marathi is the official language.
- The state has a long coastline stretching nearly 720 kilometers along the Arabian Sea.
- The state has a population of 112.3 million which is 9.29% of the total population of India. The sex ratio of the state is 925 females to 1000 males.
- As per the provisional estimate of the year 2010-11, the state's urban population is 45.23 per cent as compared to national average of 31.16 per cent.
- As per the preliminary estimates for the year 2010-11, the state's GSDP at factor cost is at INR 10,68,327 crore which is 14.93 per cent of the national GDP.



## **INDUSTRIAL POLICY AT A GLANCE**

**The Industrial Policy, 2013 focuses on the following:**

- 1. Increased focus on less developed regions of the state to bring them on par with mainstream industrial development**
- 2. Customized package of incentives for Ultra Mega and Mega Industrial Investment**
- 3. Holistic approach to MSME development**
- 4. Initiatives to encourage employment-intensive industries**
- 5. Path-breaking initiatives for investor facilitation and ease of doing business**
- 6. Optimal utilization of land for industrial development**
- 7. Strengthening of industrial infrastructure**
- 8. Assistance to unviable sick units for easy exit and to viable sick units for revival**
- 9. Incentives to bring about sustainable industrial development**

## **PREAMBLE**

### **Background**

With increasing globalization, the impetus is on setting up and running manufacturing facilities which are cost competitive. India with its factory endowments, availability of skilled labour and developing infrastructure, has constantly improved its attractiveness as a global manufacturing destination. In view of this development, Government of India has set an ambitious target of increasing India's manufacturing sector share to 28 per cent of GDP by 2022 from the existing share of 16 per cent (2009-10).

### **Maharashtra: The preferred industrial investment destination**

Maharashtra is one of the largest states in India, both in terms of area and population. The state continues its predominant position as an industrial and services centre, with Mumbai as the commercial and financial capital of the country. Maharashtra continues to be one of the foremost states in the country, in terms of investment and economic growth. During the period from 2005-06 to 2009-10, the state's Gross State Domestic Product (GSDP) grew at a Compound Annual Growth Rate of 16.8 per cent and accounted for 14.7 per cent of the country's Gross Domestic Product in 2009-10.

The state has been a preferred investment destination for both domestic and foreign companies because of the availability of skilled manpower, enabling infrastructure and socio-economic development. In 2009-10, the manufacturing sector accounted for around 21.4 per cent of GSDP (at current prices). Maharashtra has been a pioneer in many of the policy initiatives that support manufacturing sector and the State Government recognizes that manufacturing is a key driver of state's economic growth.

The state's current Industrial, Investment and Infrastructure Policy announced on 12th February, 2007, has been successful in attracting substantial industrial investment. Since 2005, total industrial investment in Maharashtra has witnessed a three-fold increase primarily attributed to the Mega Projects Policy, which has succeeded in attracting more than ₹ 2.8 lakh crore worth of investment in manufacturing sector.

The manufacturing sector during this policy period grew by 11.8 per cent, surpassing its policy growth target of 10 per cent. Traditional manufacturing sectors such as steel, auto & engineering, and chemicals have been the mainstay of industrial investment in the state. During the 2006 policy period, auto and engineering accounted for 27 per cent share of industrial investment, while chemicals and steel followed with 23 per cent and 15 per cent share respectively.



For Maharashtra to retain its leading position in industrial investment, the State Government will look to leverage its strengths in attracting mega investment. Differential incentives will be provided to industrially underdeveloped regions, to promote balanced regional development.

The state's focus will be on creating a hassle-free environment for investors during the entire investment cycle, be it before, during or after their investment. At the same time, the State Government also recognizes the challenges it faces in terms of making sufficient land available for industrial use, ensuring adequate power and water for industrial purposes, building critical infrastructure in terms of roads, ports, airports, railroads and bridging skill gaps etc. Steps will be taken to strengthen the supporting industrial infrastructure aimed at bringing other regions of the state functionally closer to growth centers such as Mumbai and Pune. Special impetus is intended to be given for cluster development, competitiveness-enhancing measures, and fiscal incentives for the holistic development of MSMEs.

The State Government is fully committed to faster, sustainable, inclusive and balanced regional growth, to accelerate creation of employment opportunities and improve overall competitiveness of local industry. The country's first National Manufacturing Policy was recently approved. One of the key instruments to catalyze the growth of manufacturing will be establishment of National Investment and Manufacturing Zones (NIMZs) which will be developed in the nature of green field industrial townships, benchmarked with the best manufacturing hubs in the world. As an equal partner in the implementation of this policy, Maharashtra would lead and leverage this policy by setting up NIMZs along the Delhi-Mumbai Industrial Corridor (DMIC) and in other parts of the state.

## **Vision**

"Maharashtra - a globally competitive manufacturing destination that promotes faster sustainable investment and inclusive growth"

## **Mission**

To place Maharashtra amongst the most preferred investment destinations in Asia, for global investors, through aggressive promotional strategies combined with developing a globally competitive and sustainable investment environment, thereby making Maharashtra as one of the most favoured economic magnets and centres of unlimited attractions.

## **Policy Objectives**

The objectives of the Industrial Policy, 2013 are:

- To retain Maharashtra's leadership position in industrial investment within the country
- To further accelerate investment flow to industrially underdeveloped regions of the state
- To create more employment opportunities

## **Policy Targets**

In line with the policy objectives, the Government has set the following targets under the Industrial Policy, 2013:

- To achieve manufacturing sector growth rate of 12-13 per cent per annum
- To achieve manufacturing sector share of 28 per cent of state GDP
- To create new jobs for 2 million persons
- To attract investment of ₹ 5 lakh crore (₹ 5 trillion)

## **Policy Validity**

This Policy will be valid up to March 31st, 2018.

## **STRATEGIES**

The state will adopt appropriate strategies to achieve the policy objectives and targets through a combination of both fiscal and non-fiscal interventions.

### **Strategies to achieve manufacturing sector growth of 12-13 per cent per annum and share of 28 per cent of GSDP**

- i. Continue to encourage mega investment
- ii. Make land available for industrial development
- iii. Improve industrial infrastructure throughout the state
- iv. Increase investment flow to industrially underdeveloped regions
- v. Improve investor facilitation and ease of doing business
- vi. Develop skilled manpower

### **Strategies to create 2 million jobs**

- i. Renew focus on MSME
- ii. Offer additional incentives to employment-intensive Mega units
- iii. Leverage state and central skill development schemes
- iv. Assist unviable sick units with exit and viable sick units with rehabilitation
- v. Consider Agro Processing as a thrust sector

## **INFRASTRUCTURE: THE GROWTH ENGINE**

For integrated industrial and economic development, it is vital to provide a conducive environment encompassing adequate physical, industrial and communication infrastructure. For Maharashtra to retain its position as the foremost investment destination, the State will undertake specific measures for improvement of infrastructure.

### **Leveraging DMIC and Secondary Growth Corridors**

The Delhi-Mumbai Industrial Corridor (DMIC) is a mega infrastructure project, which is expected to cover an overall length of 1,483 km between Delhi and Mumbai. About 17 per cent of its Project Influence Area is in Maharashtra, covering approximately 20 per cent area and 26 per cent population of the state. A band of 150 km on either side of the freight corridor has been identified as the Influence Region for industrial development. The major districts covered under the corridor will be Mumbai Suburban, Mumbai, Thane, Nashik, Pune, Aurangabad, Ahmednagar, Dhule, Nandurbar and Raigad.

Under DMIC, the State Government will undertake the following development initiatives:

- a. Mega Industrial Park at Shendra - Bidkin, Dist. Aurangabad
- b. Exhibition cum Convention Centre at Additional Shendra, Dist. Aurangabad
- c. Dighi Industrial Area, Dist. Raigad
- d. Mega Industrial Park at Sinnar, Dist. Nashik
- e. Multi-Modal Logistics Park at Talegaon, Dist. Pune
- f. Mega Industrial Park at Dhule, Dist. Dhule
- g. Facilitate DMICDC to set up the following gas-based power projects
  - i. 1000 MW Gas based Power Plant at Vile Bhagad, Dist. Raigad
  - ii. 1000 MW Gas based Power Plant at Indapur, Dist. Pune

### **Secondary Growth Corridors**

Leveraging the DMIC, State Government will strategically create the following secondary growth corridors along national and major state highways.

- A. Mumbai - Nashik - Aurangabad - Amravati - Nagpur
- B. Mumbai - Pune - Satara - Sangli - Solapur
- C. Mumbai - Ratnagiri - Sindhudurg

These secondary corridors will bring industrially underdeveloped areas of Vidarbha, Marathwada and Konkan functionally closer to growth centres like Mumbai and Pune. Additional emphasis will be on the development of Food and Agro Processing, Engineering and Electronics, and support industries such as Logistics and Warehousing.

### **Committee on Industrial Infrastructure Development for Maharashtra (CIID)**

Multiple state-level nodal agencies namely, MIDC, MMRDA, MSRDC, PWD, Irrigation, MAHAGENCO, etc are involved in infrastructure planning and development. To synchronise their efforts in an integrated manner so as to plan and create necessary industrial infrastructure, the Committee on Industrial Infrastructure Development for Maharashtra (CIID) will be set up. The Committee will be headed by the Chief Secretary and will be the sanctioning authority for the trunk infrastructure projects. Funds will be administered by this Committee.

The State Government will set up a Critical Industrial Infrastructure Fund to provide the last-mile infrastructure for MIDC areas. An initial corpus of ₹ 500 crore will be created for this purpose. The State Level committee under Package Scheme of Incentive will review and monitor the project implementation.



## Special Economic Zones (SEZs)

The state has the highest number of approved SEZs. 17 SEZs are already operationalised and 39 are under various stages of implementation as of November 2012. To ensure quicker conversion of proposed SEZs into operational ones, the Government has provided the following fiscal incentives; vide GR SEZ-2010/CR-534/IND-2 dated 15.10.2011:-

- Time-bound refund of VAT to the units as well as to the developers.
- Exemption from payment of royalty on excavation of minor minerals within the SEZ.
- Exemption from payment of N.A. Tax
- Stamp Duty Exemption for land acquisition.

The above fiscal incentives shall be continued under this policy. The Government will extend all required administrative support to the SEZs.

## Exhibition-cum-convention centres by various State or Local Authorities

Exhibition-cum-convention centres are being developed by various State Government authorities and local authorities such as PCNTDA, MIDC, and Municipal Corporations. Some examples are the International Exhibition and Convention Centre at Moshi, on Pune-Nashik Road, Exhibition-cum-Convention Centre at Shendra Industrial Area (near Aurangabad city) and the Commercial Complex near Ambazari Garden (Nagpur). The State Government will provide the necessary support for the above-mentioned projects

## Helipads

In order to accelerate the air transport infrastructure, helipads will be constructed at major MIDC areas.



## **LAND FOR INDUSTRIAL USE**

One of the key challenges faced by the State Government is to ensure availability of land for industrial use. In this regard, the state will adopt suitable measures like utilizing land of de-notified Special Economic Zones (SEZs), promoting development of new cooperative industrial estates and augmenting the initiatives of MIDC.

### **Maharashtra Industrial Development Corporation (MIDC)**

MIDC will continue to play a key role in providing land and related industrial infrastructure for setting up of manufacturing facilities within the State. To adequately meet the growing demand for land, MIDC will use innovative models for land acquisition.

### **Increased FSI to Industrial Areas**

The growth in business operations of existing units within MIDC areas is constrained by lack of adequate space. In order to address this, additional Floor Space Index (FSI) shall be permitted in MIDC areas and new co-operative industrial estates to the extent of 0.5, over and above the basic FSI, by charging premium at rates decided by the MIDC with approval of the Govt.

### **Leverage land under de-notified or withdrawn SEZs**

The policy proposes to allow use of lands in de-notified and withdrawn SEZs for development of Integrated Industrial Areas, described in greater detail in Schedule-A to this policy.

### **Flatted Structures**

With rapid increase in the cost of land, entrepreneurs of small enterprises are finding it difficult to obtain land for their ventures. Therefore, to provide space for MSMEs, flatted structures will be constructed in MIDC areas. Such space shall be provided to Micro, Small & Medium Manufacturing Enterprises for their industrial use.

### **Reservation of MIDC plots**

In New MIDC Industrial Estates, 10% area will be reserved for Micro and Small Industries. Out of this, 5% area will be allotted on priority basis to woman entrepreneurs, SC and ST entrepreneurs and Industrial Units of Women's Savings Groups.

The present Policy of MIDC regarding allotting plots on priority basis to Mega Projects will be continued further.

MIDC will make the efforts to acquire additional land where 75% of plots have been allotted in the existing Industrial area.

## **INVESTOR FACILITATION AND INVESTMENT PROMOTION**

### **Investor Promotion and Facilitation Cell**

Over the years, the role of the State Government has changed from that of a service provider to that of a facilitator. To attract industrial investment, State Government has made several efforts to undertake investment promotion and facilitation. Udyog Setus have been set up in several districts of the State to facilitate clearances through a single window on behalf of several Government agencies to industrial entrepreneurs. Development of an integrated electronic single window portal, Maha eBiz, is already underway.

Despite these various initiatives, it has been felt that it is essential to constitute a dedicated cell with focus on investor facilitation and support. The State Government proposes to set up an Integrated Cell, under Principal Secretary (Industries) to carry out inter-alia the following activities;

- Investment promotion, comprehensive generation and dissemination of relevant information, arranging and participating promotional events.
- Escort services through hand-holding support, management of web-based portal, coordination with different government agencies.
- Investment Promotion Cell
- Project consultancy services
- Investor after-care cell
- Foreign investors (FDI) Cell
- Economy and data cell etc.

The Government will provide required corpus to launch the Cell.

### **Maha eBiz Portal-To Serve ONLINE, NOT IN LINE**

In line with MIDC's vision of holistic and inclusive growth by turning 'digital,' the Corporation has developed an Investor portal. The objective of this portal is to provide investors a one-stop portal for information, services and consents electronically. The Maha eBiz portal provides information for 205+ services, including 45 fully automated services of MIDC, MPCB and Directorate of Industries and 160 non-automated services across various state and central departments, which will be integrated soon. The services have been categorized into various sectors and industries. They have also been categorized distinctly under different central and state departments for the benefit of its existing customers and plot holders along with prospective investors. Currently, entrepreneurs can obtain approvals for the 45 fully automated services through this portal.

To further augment single window clearance, the State Government will inter-alia incorporate new features such as:

1. SMS facility
2. Payment Gateway
3. Barcode tracking services
4. Back-end processing platform through ERP
5. Linking with Labour department and MSEB
6. Fire services in Non-MIDC areas

The service of this portal will be expanded as a Single Window Portal for augmenting industrial investment by facilitating all required clearances, approvals, returns filing etc. of Industries Department as well as all industry interfacing departments/agencies of different levels of government.

### **Build Brand Maharashtra - 'Magnetic Maharashtra: Attraction Unlimited'**

Maharashtra is a hotspot of major economic activity within India and the world. The State Government's goal is to build Brand Maharashtra as a most favoured economic magnet and attractive investment destination known for its quality production, renowned technology, state of the art industrial infrastructure and safety. Moreover, the State Government is committed to providing investors world class infrastructure, with ease of doing business, skilled manpower and most importantly a belief that a "Magnetic Maharashtra" can provide "Attractions Unlimited."

Brand Maharashtra will assure the world that a product from this state is of highest quality standards, created through an environment friendly process and at a very competitive price. This Industrial Policy will promote branding of Maharashtra through its industrial development strategies, ensuring that all types of industries from micro to mega scale are developed in a holistic manner, employment is generated on a large scale, skill gaps in manpower are bridged and more importantly, balanced regional growth of the state is achieved.

## **SIMPLIFICATION OF ADMINISTRATIVE PROCEDURES**

### **Multiple Taxation Interface**

MIDC industrial areas are located in areas which may fall under the jurisdiction of local authorities such as Municipal Corporations, Municipal Councils and Gram Panchayats. The multiplicity of these authorities and their charges make the approval process complex and costly for the investors. To address this issue, the Government of Maharashtra will review and provide a single interface by making suitable amendments to relevant statutes.

### **Labour NOC**

The process of obtaining No Objection Certificate (NOC) from Labour department for transfer of land in MIDC areas, Labour Cess and other Labour related issues will be further simplified.

### **Computerization**

The State Government has already started computerization of the entire Package Scheme of Incentives. An integrated software is currently being developed and will be deployed shortly. This computerisation will provide for online filing of applications, digital processing, status verification, electronic delivery of Eligibility Certificate, sanction of IPS & other claims, filling up of follow up reports, etc.

### **Business Process Re-engineering**

In addition to this, the State Government will undertake a review of procedures relating to the provision of all services, clearances, and licenses to industries.

## **SKILL DEVELOPMENT**

One of the major constraints faced by the manufacturing sector is availability of skilled manpower. To address this, the National Council on Skill Development was constituted under the Chairmanship of Hon'ble Prime Minister to prepare the National Skill Development Policy. The National Council has set a target of generating additional 50 crore (500 million) skilled manpower at an all-India level. In turn, the Government of Maharashtra has fixed a target of generating 45 million skilled manpower by 2022. Under this National Council, the State Government has formed the State Management Committee of Skill Development Initiative for Maharashtra and Sectoral Skill Committees under the Department of Higher and Technical Education (H&TE). In order to implement these initiatives effectively, a coordinated effort is required between these committees and the respective industries to identify the demand - supply gap

and the requirements of specific skill sets. The State Government will set up a Skill Development and Enhancement Cell (SDEC) under Principal Secretary (Industries), which will act as a coordinating body between Department of H&TE and Industry Associations.

Maharashtra Centre for Entrepreneurship Development (MCED) will be strengthened to play a bigger role in the training needs of industry. Linkages with Industrial Training Institutes (ITIs) and other vocational training institutions will be encouraged for skill gap assessment. Furthermore, industry associations will be encouraged to take up hands-on training in the industrial units for need-based skills. The Industries Department, in consultation with Higher & Technical Education Department, will undertake concrete steps for the same.

## **PROMOTION OF MEGA AND LARGE INVESTMENT**

### **Mega Projects**

Recognising the multiple benefits that mega projects provide, it is proposed to offer a customised Package of Incentives to help/attract such investment. The State Government will make a concerted effort to ensure that there is balanced regional dispersal of industry across the state.

Manufacturing projects with Fixed Capital Investment (FCI) or employing direct regular persons according to the threshold limits stated in Table I, will be classified as Ultra Mega/Mega projects.

Type of unit	Taluka / Area Classification	Admissible Fixed Capital Investment (₹ in Crores) equal to or exceeding	Direct Employment (number of persons) equal to or exceeding
<b>Mega Industrial Unit</b>	A & B	750	1,500
	C	500	1,000
	D & D+	250	500
	Naxalism Affected Area and No Industry Districts	100	250
<b>Ultra Mega Industrial Unit</b>	Entire State	1,500	3,000

a. Additional incentives will be provided to projects employing minimum twice the threshold number required to qualify as Mega Project at that location.

b. High Power Committee, under Chief Secretary, constituted vide GR.IDL-1005/(CR119)/IND-8 dated 2.6.2005 will approve the customised Package of Incentives to Mega projects/ Ultra Mega Projects on case-to-case basis. Cabinet Sub Committee under Chairmanship of the Chief Minister constituted for Industry vide GR IDL-1097/(13478)/IND-8 dated 18.1.1998 and reconstituted vide GR. IDL-1004/(CR 318)/IND-8 dated 24.12.2004 will approve higher incentives/ concessions and relaxing of conditions, on a case-to-case basis.

## Large-scale Industries

Large scale industries (LSIs) with investment more than Medium Manufacturing Enterprises, under MSME Act 2006, will be offered incentives that will be graded in a way so as to assist dispersal of investment to industrially under-developed areas. A basket of incentives listed below, their aggregate amount not exceeding the ceiling in the following table, will be offered to eligible Large Scale Industries (LSIs)

Taluka/ Area Classification	Monetary ceiling as per cent of admissible Fixed Capital Investment*	Eligibility Period (years)
A	-	7
B	-	7
C	30	7
D	40	7
D+	50	7
No Industry Districts	70	7
Naxalism Affected Area	80	7

Note: Maximum disbursement of the incentives every year will be proportionate to the monetary ceiling and eligibility period.

- Every year, in areas other than A & B areas, the Industrial Promotion Subsidy payable will be calculated at the rate of 60% to 100% of VAT on local sales minus ITC or zero whichever is more + CST payable on eligible finished products.
- In areas other than A & B areas, to provide thrust to Food Processing Sector in the State, eligible units will be granted additional 10 per cent incentives and additional 1 year towards Eligibility Period.
- 75 per cent reimbursement of cost of water and energy audit limited to ₹ 1 lakh for water audit and ₹ 2 lakh for energy audit, shall be admissible. The audit will be conducted through empanelled agencies. Also 50 per cent cost of capital equipment required for undertaking measures to conserve water and energy, limited to ₹ 5 lakh each will be granted to eligible units in the State.
- In addition to incentives listed above, eligible large units will be entitled to 100 per cent stamp duty exemption within investment period for acquiring land (including assignment of lease rights and sale certificate) and for term loan purposes. However in A and B areas, Stamp Duty exemption will be offered only to IT and BT units in IT and BT Parks. Eligible Units under PSI 2007 Scheme will also be eligible for stamp duty exemption for their Investment Period.
- Eligible new units in C, D, D+, No Industries Districts and Naxalism affected Area will also be entitled to exemption from payment of electricity duty for a tenure equal to the eligibility period. However in A and B areas, Electricity Duty exemption will be offered to 100 per cent EOU Large Scale units and IT/BT units for 7 years.

## **SUPPORT TO MSMEs**

### **Cluster Promotion- New Plan Scheme**

Clusters can greatly assist in the success and development of individual MSME units by providing economies of scale, reduced transaction costs, information spill overs, development of marketplace, adequate supply of raw materials at stable prices, skill development, technical know-how and access to latest technologies, thereby improving the competitiveness of these units.

The Ministry of MSME, Government of India, provides financial assistance for setting up Common Facility Centres (CFCs) under the MSE-CDP. The State assistance offered under the scheme vide GRs SME 2009/(229)IND-7 dated 9.6.2010 and SME2010/ (1017) IND-7 dated 22.10.2010 is proposed to be continued. This commendable concept needs to be taken to smaller clusters in industrially under developed areas of the State.

In this regard, the State Government will offer fiscal assistance by way of grant up to 70 per cent on the cost of plant and machinery in approved CFCs. For clusters consisting of 100 per cent micro enterprises, or a minimum of 50 per cent women-promoted enterprises, the grant will be enhanced up to 80 per cent. The grant for the preparation of Detailed Project Report (DPR) and setting up of CFC will be restricted to a maximum of ₹ 5 crore per cluster (project cost to include cost of land, building, plant and machineries and pre-operative expenses).

The assistance will be provided to the Special Purpose Vehicles (SPVs) specifically set up for the purpose. CFCs set up in D, D+ areas, No Industry Districts and Naxalism affected areas as defined under the Package Scheme of Incentives, 2013 will be eligible for receiving grant for setting up of CFC under a new plan scheme of State CFC Assistance. A State Level Steering Committee will evaluate and approve the proposals for CFCs.

### **Competitiveness Enhancement**

The National Manufacturing Competitiveness Council formulated the National Manufacturing Competitiveness Programme (NMCP) in 2005, with the aim of supporting MSMEs in their endeavour to become competitive in both domestic as well as international markets. To complement the NMCP and to reach out to MSMEs located in the industrially underdeveloped regions of Maharashtra, the State Government will launch the State Manufacturing Competitiveness Programme (SMCP). SMCP will focus on soft interventions through the following components: Marketing Assistance Scheme, Skill Development Scheme, Assistance for Lean Manufacturing, and Design Assistance Scheme.



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- a. Marketing Assistance Scheme:** To improve the competitiveness of MSMEs in marketing, both at the national and international level, the State Government will offer assistance for providing inputs on up-gradation in packaging techniques and technologies as well as for participation in state/district-level fairs.
- b. Skill Development Scheme:** According to the findings of Prime Minister's Task force on MSME, although the country has a large pool of human resources, the two constraints faced by manufacturing sector are availability of skilled manpower and a high rate of attrition. In order to address this, the State Government proposes to support the design and implementation of need-based skill development programmes.
- c. Assistance for Lean Manufacturing Scheme:** This scheme will be offered to MSMEs with a view to reducing waste, increasing productivity, introducing innovative practices, and reinforcing good management systems. It is proposed to support MSMEs in implementing lean manufacturing techniques so as to reduce their manufacturing costs through better personnel management, improved space utilization, sound inventory management, improved processes, and thereby improve their manufacturing cost competitiveness.
- d. Design Assistance Scheme:** The Design Assistance scheme has been developed with a view to promoting the application of design and innovation among MSMEs. Through improvements in design, an MSME can move up the value chain, thereby becoming more competitive.

The Programme will be implemented through SPVs formed for setting up CFCs, Industry Associations and reputed expert organizations and institutions. The component-wise detailed modalities and policy in this regard shall be formulated by the State Level Committee under Package Scheme of Incentives and shall be issued with the approval of the Government.

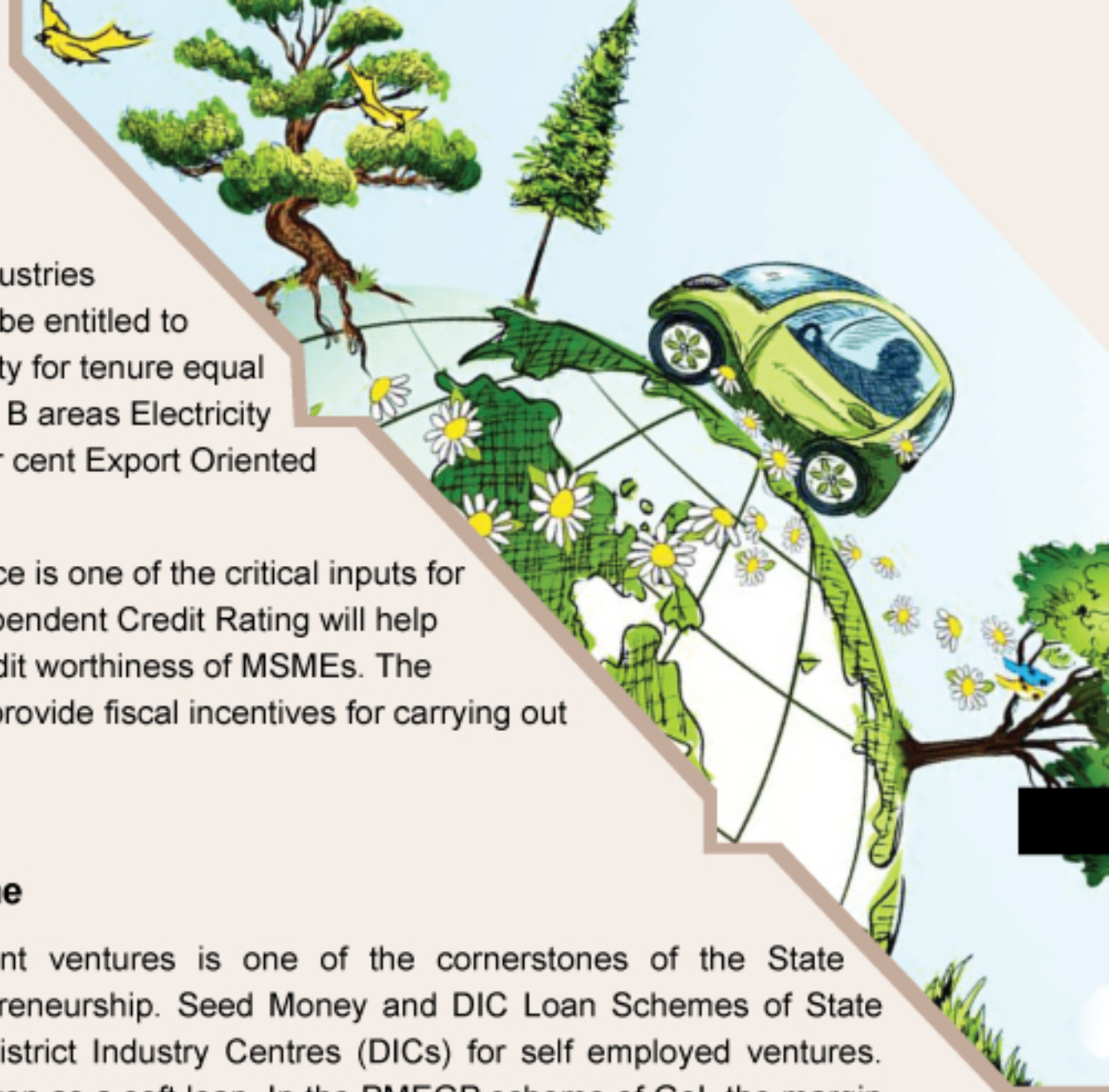
### **Fiscal Incentives to MSME**

For financial sustainability of MSMEs, the State Government, through Package Scheme of Incentives 2011, will provide a basket of fiscal support with the intent to lower cost of finances, and provide aid in the critical initial stage of operations. The incentives will be graded in a manner to provide fillip to MSMEs in the industrially underdeveloped areas of the state. A basket of incentives listed below, their aggregate amount not exceeding the ceiling in the following table, will be offered to eligible MSMEs.

Taluka/ Area Classification	Monetary ceiling as per cent of admissible Fixed Capital Investment*	Eligibility Period (years)
A	-	7
B	20	7
C	40	7
D	70	10
D+	80	10
No Industry Districts	90	10
Naxalism Affected Area	100	10

Note: Maximum disbursement of the incentives every year will be proportionate to the monetary ceiling and eligibility period.

- Every year, in areas other than A areas, Industrial Promotion Subsidy will be equal to VAT on local sales minus ITC or zero whichever is more + CST payable + 20% to 100% of ITC on eligible finished products.
- The power tariff subsidy, for eligible new units located (other than A areas) in Vidarbha, Marathwada, North Maharashtra, and Districts of Raigad, Ratnagiri and Sindhudurg in Konkan will be to the extent of ₹ 1/- per unit consumed and in other areas (except A areas), to the tune of ₹ 0.50/- per unit consumed for 3 years from the date of commencement of commercial production.
- In areas other than A area, Interest subsidy @ 5 per cent p.a., maximum upto the value of electricity consumed and bills paid for that year, will be admissible.
- To provide thrust to Food Processing Sector in the State, Eligible units will be granted additional 10 per cent incentives and additional 1 year towards Eligibility Period.
- 75 per cent reimbursement of cost of water and energy audit will be admissible. The audit will be conducted through empanelled agencies. Assistance by way of 50 per cent grant limited to ₹ 1 lakh for water audit and ₹ 2 lakh for energy audit will be extended to eligible units. Also 50 per cent cost of capital equipment required for undertaking measures to conserve water and energy, limited to ₹ 5 lakh each will be granted to eligible units in the State.
- The incentives for improving Quality Competitiveness, Research and Development, Technology Up-gradation and Cleaner Production Measures will be continued with suitable modifications.
- In addition to incentives listed above, eligible MSMEs will be entitled to 100 per cent stamp duty exemption within investment period for acquiring land (including assignment of lease rights and sale certificate) and for term loan purposes. However in A and B areas Stamp Duty exemption will be offered only to IT and BT units in IT and BT Parks. Eligible Units under PSI 2007 Scheme will also be eligible for stamp duty exemption for their Investment Period.

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- h. Eligible New MSMEs in C, D, D+, No Industries Districts and Naxalism affected Area will be entitled to exemption from payment of electricity duty for tenure equal to the eligibility period. However in A and B areas Electricity Duty exemption will be offered to 100 per cent Export Oriented MSMEs and IT/BT units for seven years.
- i. Timely, adequate and lower cost of finance is one of the critical inputs for survival and growth of MSMEs. An independent Credit Rating will help financial institutions in assessing the credit worthiness of MSMEs. The Government will formulate a scheme to provide fiscal incentives for carrying out credit rating.

### **Modification in Seed Money Scheme**

Promotion of small scale self-employment ventures is one of the cornerstones of the State Government's efforts to encourage entrepreneurship. Seed Money and DIC Loan Schemes of State Government are being implemented by District Industry Centres (DICs) for self employed ventures. Under these schemes, margin money is given as a soft loan. In the PMEGP scheme of GoI, the margin money is being provided as back-end subsidy. This scheme is also being implemented by DICs but due to the limited targets/funds, the coverage of the scheme is limited. Therefore it is proposed to merge and modify the state schemes on the lines of PMEGP of GoI.

### **Revival of Sick Units**

Sick and viable units according to RBI guidelines and duly taken up for rehabilitation by the concerned financial institution, will be offered re-schedulement of pending State Government dues for a period of 5 years with simple interest @ 7 per cent p.a. This existing scheme will be continued

## **ENCOURAGE GREEN INITIATIVES AND TECHNOLOGY UPGRADATION**

With increasing industrial development and globalization, countries are becoming more and more conscious about the environment and are focusing on sustainable development. The State Government of Maharashtra is also focusing on promotion of environment-friendly development through green and clean technologies, conservation of natural resources, waste minimization and recycling, etc. MIDC has taken up many environment-friendly initiatives such as common effluent treatment facilities, scientific disposal of waste, recycling and reuse of water, rain water harvesting and promotion of energy efficient technologies and measures.

This Industrial Policy seeks to promote green and sustainable development through measures like incentives for energy conservation and energy audit. Energy saving achieved through energy efficiency and conservation also reduces the extent of fuel, mining, transport, water and land required for power plants, thereby mitigating environmental pollution. This Policy also promotes the adoption of Lean Manufacturing Techniques by industries and clusters as part of SMCP, which will help the units in minimising wastage of raw materials. Incentives are also being given to SMEs for water conservation, waste water treatment and water audit.

## **UDYOG DIWAS**

To provide a common platform for industries, especially MSMEs, to showcase their products and capabilities, it is proposed to hold annual Udyog Diwas celebrations in every district of the state. During the Udyog Diwas celebration, exhibitions, workshops, seminars and presentation of District Awards for MSMEs will be organized. The District Advisory Committee under the Chairmanship of District Collector, will coordinate and monitor planning and execution of this programme. The celebration will seek to project the industrial potential of the district, emerging opportunities for industrial development and bring the entire industrial fraternity together on a common platform. To further the economic progress of the district, opportunities and schemes for self-employment will also be an important part of this Programme. The District Awards Scheme will be suitably recast to encourage the MSMEs.

## **STRENGTHENING OF DISTRICT INDUSTRY CENTRES**

District Industry Centres (DICs) play a pivotal role in the promotion of MSMEs at the district level. The Prime Minister's Task Force has outlined a need to strengthen the DICs to enable them to provide comprehensive information on policies and schemes, as well as to support MSMEs in marketing, skill development, entrepreneurship development, and in the revival and/or exit of sick MSME units. In this endeavour, the DICs will be strengthened by improving infrastructure (including IT infrastructure) and undertaking capacity building measures for the manpower. The Prime Minister's Task Force proposes to assist the States by providing funds to strengthen the DICs. The State Government will provide matching grants for the provisions made by the Government of India in this regard.

## **OTHER INITIATIVES**

### **Special Incentives for Industries in Naxalism-affected Talukas**

The Government recognizes the effect of Industrial development in Naxalism-affected areas. With the aim of attracting industrial investment to the Naxalism-affected Talukas, special incentives are being offered to micro, small, medium, large and mega projects manufacturing units eligible under PSI, 2013.

## **Amnesty Scheme for Unviable and Closed Units**

It is imperative to unlock the precious assets including land, within unviable and closed units. Such units that fulfill the following criteria will be offered a convenient exit through the Special Amnesty Scheme.

- a. Closure for more than 1 year or declaration of insolvency by a court, and
- b. Unit is unviable according to RBI guidelines.
- c. There should be change in Management and the unit should be further run successfully

Eligible units will be offered complete waiver of interest and penalty provided that the principal amount is repaid in one single installment. The scheme will be applicable to all relevant Government dues, and will be offered to semi-government institutions/companies/bodies as well. The scheme will be open for a period of 1 year. The scheme will be extended for such further period as deemed fit.



## **Amendments to Bombay Tenancy and Agricultural Land Act, 1948 (BT & AL Act)**

Government will review and make the following amendments to the Bombay Tenancy and Agricultural Lands Act, 1948 (BT&AL Act).

- The period within which the land acquired is put into bona fide industrial use, will be revised from 15 to 5 years.
- The minimum land area for bona fide industrial area covered under BT & AL Act will be revised to 5 Hectares from 10 Hectares.

## **Industrial Location Policy in Mumbai Metropolitan Region (MMR)**

In the MMR Industrial Location Policy, a list of non-polluting, high tech or high value added industries permitted within MMR region is given in Schedule I. The State Government will review the policy and make suitable amendments, keeping in view the changing needs of enterprises in the MMR areas.

## **Proportionate Recovery from Closed Units**

The recovery of incentives proposed from the units which have availed of benefits under Package Scheme of Incentives and closed during EC period / Operative period, shall be proportionate to the total period (E.C. period plus Operative period) and the closure period.

## **Royalty and NA Exemption**

Exemption of royalty on excavation of minor minerals in industrial areas for development of land and NA tax is proposed to be continued.

## **SECTOR-SPECIFIC POLICIES OF STATES RELATED TO INDUSTRIES**

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The State Government has formulated and amended policies for different sectors such as IT, BT, Agro Processing industries etc. The existing policies of State Government related to industrial and infrastructure development are as below:

- a. Information Technology Policy: The State Government formulated the IT and ITES Policy 2009 in continuation of its efforts to attract IT investment and retain Maharashtra's leadership position in this sector. This policy has attracted substantial investment in IT and ITES sector and was instrumental in creating IT hubs in cities such as Pune, Pimpri-Chinchwad and New Mumbai. The IT /ITES policy is valid till August 14, 2014.
- b. Bio Technology Policy: The BT Policy 2001 aspires to develop the entire value chain from farmers to the biotech industry houses by providing infrastructure support, facilitation, incentives etc. The BT Policy offers a range of incentives to private BT Parks.
- c. Grapes Processing Industry Policy: The State Government has formulated the Grape Processing Industry Policy, with a view to supporting grape production and infrastructure for wine parks across the state.
- d. New policy for Power Generation from Non-conventional Energy Sources, 2008: This policy applies to wind power projects of more than 2000 MW capacity, cogeneration power plants of 1000 MW capacity, biomass based power plants of 400 MW capacity and small hydro projects of 100 MW capacity.
- e. Maharashtra State Policy for Investment in the Power Generation Sector for Capacity addition of 500 MW and above.
- f. Textile Policy 2012

The State Government is also in the process of formulating progressive policies in the areas of PPP, agro processing, handicrafts, and labour.

## **COMMITTEE FOR MONITORING AND REVIEW**

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In order to ensure effective implementation of the Policy and also to provide necessary clarifications/ interpretation and to monitor progress of the implementation, a committee headed by Principal Secretary (Industries) consisting of members of Finance, Planning and Labour departments, CEO (MIDC) and Development Commissioner (Industries) is proposed.

## SCHEDULE-A

### Policy for Development of “Integrated Industrial Areas”

The Government of India enacted the Special Economic Zone Act, 2005 and made the Special Economic Zone Rules, 2006 thereunder. A number of SEZs were notified under this Act in Maharashtra. However quite a few notified SEZs have been either denotified or withdrawn on account of unfavourable market conditions as well as reduced incentive regime for the SEZs and there is every possibility of more SEZs, opting to be denotified or withdrawn in future. The State Government is of the opinion that under these circumstances an appropriate exit policy must be introduced which would facilitate both industrialization and planned development of such areas. Looking to this aspect, the Government vide Resolution No.IIPolicy-2010/CR-768/2010/IND-2, dated 20th July, 2012 appointed a Committee under the Chairmanship of the Director of Town Planning, Maharashtra State, Pune, to look into the above matter and draft a policy to utilize the lands under the denotified/withdrawn SEZs. The Committee, after considerable deliberation and meetings with the concerned, submitted its report to the Govt. on 23.11.2012. The recommendations made by the said Committee have been duly examined and have been accepted with certain modifications. The Policy finally adopted by the Govt. in this regard is as under-

1. Lands under the SEZs that were notified on MIDC lands, upon de-notification of such SEZs, shall be developed as per the Development Control Regulations (DCR) of MIDC.
2. Lands under the SEZs located on CIDCO land and jointly promoted by CIDCO, upon de-notification of such SEZs, shall be eligible for Development as Integrated Industrial Area, with CIDCO as the Special Planning Authority. CIDCO shall frame special Development Control Regulations for such Integrated Industrial Areas, with the approval of the Government in Urban Development Department.
3. Lands under I.T./B.T. SEZs, admeasuring less than 40 Ha, after de-notification of such SEZs could be developed as per the prevailing IT/BT policy of the State Government.
4. a) Private lands, not acquired under the Land Acquisition Act of 1894 or Maharashtra Industrial Development Act of 1961 and  
b) Lands acquired only for the purpose of joint venture SEZs by the MIDC under MID Act, 1961 or by the CIDCO under the Land Acquisition Act 1894, admeasuring at least 40 Ha. and falling under the Special Economic Zones (SEZs), that stand withdrawn or de-notified on the date of Notification u/s 37(IAA) of the MRTP Act 1966 that shall be published by the Govt. to incorporate the elements of this policy into the DCRs of the concerned Special Planning Authority, (hereinafter called the Appointed Date) and the SEZs that are de-notified or withdrawn after formal approval within a period of 6 months from the Appointed Date, shall be eligible to be developed as “Integrated Industrial Areas” and MIDC, or as the case maybe CIDCO, shall be the Special Planning Authority for such

areas. On Private lands and lands acquired by the MIDC under the MID Act 1961, for the purpose of Joint Ventures SEZ's, the notification for "Integrated Industrial Areas" shall be issued by the MIDC for which necessary provision shall be incorporated in the MID Act 1961. Within the afore said period of 6 months from the Appointed Date, the concurrence of the State Government shall be deemed to have been granted to any proposal of de-notification of SEZ. Notwithstanding anything contained herein, in case of joint venture SEZs of MIDC or CIDCO, if the decision regarding joint venture had been taken with the approval of the State Cabinet, then the decision pertaining to notification of "Integrated Industrial Area" over the area of such joint venture SEZ, shall also require approval of the State Cabinet.

5. The planning proposals for Integrated Industrial Areas shall be prepared by the concerned Special Planning Authority (SPA) and approved by the Director, Town Planning, and Maharashtra State under section 115(3) of MRTP Act 1966. However, building plans for individual plots within such Integrated Industrial Areas shall be approved by the concerned Special Planning Authority.
6. The Integrated Industrial Areas established under this policy will have to be developed within a period of 10 years, and such areas shall be declared as Industrial Townships U/s 341 F of the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act 1965.
7. The Development Control Regulations for development of Integrated Industrial Areas, shall, inter alia, incorporate the following salient features:

(i)	<b>Applicant</b>	Application for developing Integrated Industrial Area can be made by the concerned Land Owners or by their appointed Developer or a Joint Venture Company formed by the Land Owners with any Developer.
(ii)	<b>Area Requirement</b>	To be eligible for being declared as "Integrated Industrial Areas", the de-notified /withdrawn SEZs, shall have minimum 24 mtrs. wide means of access. The area to be notified as Integrated Industrial Areas shall be free from all encumbrances, contiguous and not be less than 40 Ha. (100 acres) at one place.



(iii)	<b>Manner of Notification</b>	On private lands and lands acquired by the MIDC under MID Act 1961 for the purpose of joint venture SEZs, Integrated Industrial Area shall be notified by the MIDC after receiving a proposal from the applicant. Notwithstanding anything contained in the Development Plan or the Regional plan, upon such notification, such area shall be developed as per the DCRs framed by the MIDC for this purpose. For this purpose, procedure under Section 20 read with section 18 of the Maharashtra Regional and Town Planning Act, 1966 shall not be necessary.
(iv)	<b>Permissible land-uses</b>	Minimum 60% of the total area notified as "Integrated Industrial Area" shall be used for industrial development and the remaining 40% area, for the development of support activities including Residential and Commercial activities. Out of the total area earmarked for support activities, one fourth area shall be used for purely commercial /economic activities and the remaining three fourth area shall be used for residential and other non-residential uses like residential, educational, health facilities, amenity space, public utilities, Gardens/Play Grounds etc. However development permission for commercial, residential and non residential activities shall be given only after the development of infrastructure facilities on the area earmarked for industrial development and after disposal of 1/3 rd area kept for Industrial development.
(v)	<b>F.S.I. for Integrated Industrial Area</b>	<p>The maximum permissible FSI on the gross area of the notified Integrated Industrial Area shall vary in accordance with the land-use zone , as follows -</p> <p>i) In residential and industrial zone - 1.00</p> <p>ii) In agriculture/no development/urbanisable zone - 0.50</p> <p>However FSI in the no development zone shall be allowed to be increased from 0.5 to 1.0 subject to payment of premium at the rate to be decided by the Government.</p> <p>Floating of FSI shall not be permissible from the area of Industrial user to the area of Support Activities or vice versa, but floating of FSI shall be permitted within the respective areas of Industrial Development and Support Activity separately.</p>

(vi)	<b>Planning Authority</b>	<p>i) The MIDC shall be declared as the Special Planning Authority under section 40 (1) (b) of the MRTP, Act 1966 for the Integrated Industrial Areas on private lands and under section 40 (1) (a) on the lands acquired by the MIDC under MID Act 1961 for the purpose of Joint Venture SEZs.</p> <p>ii) The CIDCO shall be declared as the Special Planning Authority under section 40 (1)(b) of the MRTP, Act 1966 for the Integrated Industrial Areas on lands acquired by the CIDCO under Land Acquisition Act, 1894 for the purpose of Joint Venture SEZs.</p>
(vii)	<b>DCR</b>	Prevailing Development Control Regulations of MIDC/CIDCO shall be applicable mutatis mutandis to the areas for which MIDC/CIDCO are declared as special planning authority, excepting those expressly provided in the Special Development Control Regulations framed for the Integrated Industrial Areas.
(viii)	<b>Environmental Clearance</b>	Environmental clearance shall have to be obtained as per directions issued by the MoEF Notification No. S.O801(E) dated 7th July 2004. as amended from time to time.
(ix)	<b>Final approval/ Approval of Master Plan</b>	Planning proposal of the entire Integrated Industrial Area, shall be approved by the Director of Town Planning, Maharashtra State, Pune u/s 115, after following the procedure as per the section 40 (3) & 115 of MRTP Act, 1966.
(x)	<b>Approval of Building Plans</b>	The Special Planning Authority shall approve the detailed building plans.
(xi)	<b>Appeal</b>	Any one aggrieved by an order passed by the Special Planning Authority may within forty days of the date of communication of the order, prefer an appeal to the Government in the Urban Development Department.

(xii)	<b>Special Concessions</b>	<p>i) Non-agriculture permission- will be automatic and no separate NA permission shall be required following notification of any area as Integrated Industrial Area.</p> <p>ii) Scrutiny fee in respect of development proposals in the Integrated Industrial Area shall be partially exempted by the MIDC</p>
(xiii)	<b>Implementation and Completion</b>	Development of any notified Integrated Industrial Area shall be completed within 10 years from the date of final sanction to the layout plan of the Area.
(xiv)	<b>Local Governance</b>	Once the area is declared and developed as Integrated Industrial Area, the same shall be notified as Industrial Township as per Section 341 F of the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965 and thereafter the said authority shall provide local governance to the area declared as Integrated Industrial Area.
(xv)	<b>Infrastructure Facilities</b>	All the onsite infrastructure in the Integrated Industrial Area shall be provided and maintained by the Developer till Industrial Township as contemplated U/S 341 F of the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act 1965 is constituted for such area. However, it would be obligatory on the part of the Developer to provide all basic infrastructure on at least 75% area under the Integrated Industrial Area within 3 years from the date of sanction of development proposals by the Director of Town Planning, Maharashtra State, Pune; otherwise the declaration made by MIDC as Integrated Industrial Areas shall lapse.
(xvi)	<b>Interpretation</b>	If any question or dispute arises with regard to interpretation of the regulations regarding Integrated Industrial Areas the matter shall be referred to the State Government.
(xvii)	<b>Saving</b>	Any permission granted to or any action taken under the Regulations in force for such SEZs, prior to denotification of such SEZs, shall be treated as valid and shall continue to be so valid, unless otherwise specified.
(xviii)	<b>Strengthening of Manpower and Machinery in M.I.D.C.</b>	Presently MIDC has its own staff to undertake planning and development of the areas within its jurisdiction, which may prove inadequate for handling the new responsibilities being cast on it. Therefore, additional staff and machinery, as required for handling the additional tasks in the context of the proposed Integrated Industrial areas, shall be created in MIDC.

**Magnetic  
Maharashtra**  
Attractions Unlimited



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