

Government of Punjab
Department of Industries & Commerce

2) **Scheme for Enhancement of Competitiveness of Small Scale Industrial Units through Modernisation & Technology Upgradation.**

Whereas, with a view to facilitate the development of Industry in the State, Government of Punjab have notified the “Industrial Policy – 2003” vide No. 5/58/2002/IIB/968 dated 26.3.2003, which inter-alia provides for Enhancement of Competitiveness of Small Scale Industrial Units through Modernisation & Technology Up gradation.

Now, therefore, to implement the scheme of Enhancement of Competitiveness of Small Scale Industrial Units through Modernisation & Technology Up gradation set out in the aforesaid policy, the Governor of Punjab is pleased to notify detailed scheme as under:-

1. PURPOSE

In order to encourage the Existing Small Scale Industrial (SSI) units to undertake modernisation and / or technology up gradation for enhancing their competitiveness and productivity levels, Capital Subsidy to the extent of 25% of investment upto maximum of Rs.25 lac per unit will be provided by Government.

2. BUDGETARY ALLOCATION

For this purpose, budgetary allocation upto Rs.25 crore per annum would be made to Industries Department by State Government, which shall be released on quarterly basis. In case at the end of the quarter, the rightful claims made by the units under the scheme during that quarter are more than the quarterly budgetary allocation, the amount of subsidy shall be reduced on pro-rata basis and disbursement made accordingly at the end of the quarter. The unutilised funds, if any, of the preceding quarter will be carried forward to the next quarter. But there will be no carry forward of balance funds, if any, at the end of year to next financial year.

3. DEFINITIONS

3.1 ‘Government’ means the Government of Punjab in the Department of Industries & Commerce.

3.2 'Director' means the Director of Industries, Punjab.

3.3 'District Officer' means the General Manager of District Industries Centre or any other officer nominated or designated by the Government/Director to perform the duties of the district officer, for the purpose of these rules.

3.4 ‘Existing Small Scale Unit’ means an industrial unit falling within the definition of such unit as given by the Central Government and registered as such with the department of Industries, Punjab, provided it has completed 3 years of continuous production on 1st April, 2003 or subsequently.

3.5 ‘Investment’ means expenditure incurred on:-

(i) Construction of new building and/or alteration in the existing building and purchase of Plant & Machinery for Modernisation & Technology Up gradation as per project report duly appraised and approved by Financial Institution/Bank/PSIDC.

(ii) Obtaining ISO Standard which will include the registration fees and cost of testing equipment as per project report duly appraised and approved by Financial Institution/Bank/PSIDC.

3.6 'Plant & Machinery' means new plant and machinery installed by the unit for Modernisation & Technology Upgradation which will also include imported second-hand or re-conditioned plant and machinery installed by the unit. Investment on these items will include the basic price of plant and machinery which will also include freight charges from place of despatch / port / airport of arrival till destination in addition to the C.I.F. value of such plant & machinery, provided that these charges would be limited to 5% of the basic price.

3.7 'Commercial Production' means date of production after completion of Modernisation & Technology Upgradation as entered by the District Officer in SSI Registration Certificate of the unit.

3.8 'Financial year' means the year beginning from 1st April and ending on 31st March.

3.9 'Project Report' means a document, depicting physical and financial projections relating to the unit and enhancement in competitiveness in terms of following parameters duly appraised and approved by the concerned institution:-

Reduction in manufacturing time cycles per unit
Increase in quality
Increase in productivity
Lower consumption of energy
Lower costs of production
Lower wastages
Improved compliance with environmental requirements

3.10 'Project Implementation Report' means a document depicting the completion (date of commencement of production) of Modernisation and Technology Upgradation programme in terms of parameters indicated in the Project Report as at 3.9 above and the actual investment made by the unit, duly certified by the institution which had appraised the project report. In case the actual expenditure incurred by the unit varies from that envisaged in the project report, the same shall be justified and approved by appraising institution.

3.11 'Concerned Institution' means the State Level or All India Financial Institution / Scheduled Bank / PSIDC.

4. SCOPE OF THE SCHEME

All existing Small Scale Industrial (SSI) units registered with the Department of Industries & Commerce, Punjab in the following sectors:-

Light Engineering including machine tools, auto parts, cycle parts etc.
Textile, Hosiery & Knitwear,
Sports Goods,

Agro & Food Processing

Which propose to undertake or had initiated modernisation and / or technology upgradation before 1.4.2003 but complete the Modernisation Technology Upgradation on or after 1.4.2003 shall be covered under this scheme, provided the unit has not availed any incentive under any other State or Central Government scheme for similar purposes.

5. DEFINITION OF MODERNISATION & TECHNOLOGY UPGRADATION

Technology upgradation would mean induction of new technology leading to significant step up from the present technology level to substantially higher level resulting into:-

Reduction in manufacturing time cycle per unit
Increase in quality
Increase in productivity
Lower consumption of energy
Lower costs of production
Lower wastages
Improved compliance with environmental requirements

6. DURATION OF SCHEME

The scheme will be in operation during the 10th Five-Year Plan with effect from 1st April, 2003.

7. GRANT OF SUBSIDY

7.1 Eligible Investment

The total Investment for the purpose of calculation of subsidy shall be restricted to the Project Implementation Report.

7.2 Procedure

(i) Units undertaking Modernisation & Technology Upgradation shall inform Director of Industries & Commerce about their proposal for Modernisation / Technology Upgradation along with a copy of the project report for the same duly appraised and approved by the concerned institution, while initiating such programme.

(ii) After completion of Modernisation & Technology Upgradation programme and Certification of the Project Implementation Report by the concerned institution, application in Form M(a) for the grant of Capital Subsidy along with documents listed therein shall be submitted to the District Officer within the time frame prescribed in Para

(iii) General Manager, District Industries Centre or a Gazetted Officer nominated by him will receive the application. The application would be checked then and there and deficiencies, if any, would be pointed out to the applicant within 7 working days and the applicant would also be given a definite time period not exceeding 4 weeks to rectify the deficiencies so pointed out.

(iv) In case the deficiencies are not removed within the specified time as mentioned above,, the claim would be filed by the General manager, under intimation to the party through a registered AD, a copy of which would be sent to the Directorate.

(v) The case so filed may be re-opened with the orders of Director of Industries, provided request for the same is received within a period of 1 month from the date of filling the claim by the General Manager. For period exceeding 1 month, the case would be re-opened with the orders of Principal Secretary Industries & Commerce, if the request for the same is received within a period of 2 months from the date of filing the claim by the General Manager.

(vi) The case shall be sent by General Manager to the Directorate within a period of 7 days after completion on single file. The cases so received would be put up for consideration and sanction before the Committee consisting of Director of Industries, Industrial advisor-cum-Additional Director, Chief Coordinator, Udyog Sahayak, Senior Technical Officer (Modernisation) dealing officer and representative of the financial Institution / bank. The Committee may coopt subject matter expert from panel of experts in Udyog Sahayak. The committee would meet once in a month or earlier, if required.

(vii) The sanction letter will be issued to the unit immediately on approval of the minutes of meeting in Format at M (e).

7.3 Time Limit

A unit shall forfeit its entitlement for the grant of modernisation and Technology upgradation incentive, if it does not file its claim for disbursement of subsidy complete in all respect within 2 months of commencement of production after installation of machinery & equipment under Modernisation & Technology Upgradation programme.

7.4 Disbursement

Disbursement of all sanctioned cases shall be made from the Directorate on quarterly basis. In case the total sanctioned amount during the quarter is more than budgetary allocation for the quarter, the per unit sanctioned subsidy amount shall be reduced accordingly on pro-rata basis.

7.5 Interpretation / Relaxation / Amendment

The Principal Secretary Industries & Commerce shall be competent to interpret / relax / amend provisions of this Scheme.

7.6 Appeals

(a) Appeals, against orders passed by the General Manager, District Industries Centre, under these rules, shall lie with the Director of Industries & Commerce.

(b) Appeals against the orders passed by the Director of Industries & Commerce under these rules shall lie with the Principal Secretary Industries & Commerce and orders passed by the Principal Secretary Industries & Commerce shall be final.

(c) Appeals mentioned in Rule 7.6 (a) and 7.6 (b) shall be filed within a period of 30 days from the date of communication of orders appealed against.

7.7 Review

No officer except Principal Secretary Industries & Commerce shall review his/her own orders. However, an officer one rank higher than the officer who passed the orders shall have the power to review such orders suo-motto or on a reference made to him by the party or the competent officer below him.

8. PENAL ACTION

In case it is found at any stage that the unit has claimed subsidy on the basis of wrong facts, the unit shall, beside refunding subsidy and facing legal action, be debarred from grant of any incentives / assistance from the Government.

S. C. Agrawal
Principal Secretary to Government, Punjab
Department of Industries & Commerce

Form M (a)
[Clause 7.2(i)]

**APPLICATION FORM FOR SANCTION OF CAPITAL SUBSIDY UNDER THE
SCHEME FOR ENHANCING THE COMPETITIVENESS OF SSI UNITS THROUGH
MODERNISATION AND TECHNOLOGY UPGRADATION**

1. Name & address of the unit
2. Location
3. Constitution of the unit (Proprietorship / Partnership / Limited Company)
4. SSI Registration
5. Initial date of production
6. Item Manufactured
7. Means of Finance for Modernisation & Technology Upgradation and equipment
 - (i) Term Loan from bank / financial institution.
 - (ii) Own Sources.
 - (iii) Other (shares / debentures / bonds etc.)
8. Details of investment made:
 - (i)
 - (ii)
 - (iii)
9. Date of commencement of production after installation of new machinery / equipment
10. Amount of capital subsidy claimed
11. Documents attached:-
 - (i) Project Report
 - (ii) Attested copy of Small Scale Industries Registration Certificate.
 - (iii) Attested copy of certificate in Form 'A' & 'C' issued by Registrar of Firms and Societies, Punjab along with a copy of partnership deed or certificate of incorporation of the company in case of limited companies.
 - (iv) Special Power of Attorney / Resolution of Board of Directors of the Company in Form M (b) / M(c).
 - (v) Project Implementation Report
 - (vi) Audited Balance Sheet for last 3 years.
 - (vii) Affidavit in Form M (d).
 - (viii) Detailed bill wise item wise, expenditure statement of investment shown in Column 8 above.

Dated:

Signature of the Applicant(s)

Or

Authorised attorney with complete address.

Form-M (b)
SPECIAL POWER OF ATTORNEY

Know all men by whom these present that we (i) _____ son of Shri
_____ (ii) _____ son of Shri
_____ partners of M/s
_____ are much engaged in and pre-occupied in our business.
We therefore, jointly and severally do hereby assign, constitute, nominate and appoint our one of
the partners Mr. _____, son of Mr. _____ to act for and on
our behalf jointly as well as severally as our lawful special attorney.

2. We fully authorise our above mentioned special attorney to file all essential relevant documents required for the receipt of capital subsidy for modernisation and / or technology upgradation admissible under the Industrial Policy, 2003, in the office of the General Manager, District Industries Centre and the Director of Industries, Punjab, Chandigarh, for and on our behalf jointly and severally to conduct Enquiry, make application(s) and affidavit(s) to execute Enquiry, any or all documents required for the receipt of above said incentive. He is further authorised to receive the incentive amount from the concerned bank / financial institution / Department of Industries and to issue actual payees receipt at the time of disbursement of incentive amount after the execution of the deed. And to do all acts, deeds and things whatsoever our above and special attorney deems fit, proper and advisable.

3. All the acts, deeds and things done by our said Special Attorney shall be binding on each of us both jointly and severally and it will be constructed that we have done the said personally.

4. In witness thereof we set our hands on this date _____ at

Witnesses:

1. _____
2. _____
3. _____

Executants

Form-M (c)

COPY OF THE RESOLUTION PASSED IN THE

BOARD OF DIRECTORS MEETING HELD ON _____

AT THE REGISTERED OFFICE OF THE COMPANY

Resolved unanimously that Mr. _____, Director of the Company, be and is hereby authorised to file any document/affidavit or give any undertaking for filing the claim and receiving the money from the Government with respect to capital subsidy under modernisation and / or technology upgradation incentive applicable to us as per Punjab Industrial Policy, 2003, in the office of the General Manager, District Industries Centre and the Director of industries, Punjab, Chandigarh, for and on behalf of the Company to conduct Enquiry, make application(s) to the above office for the development of the industrial unit. He is further authorised to receive the investment incentive of Rs. _____ (Rupees _____ only) from the bank/financial institution Department of Industries and to issue the actual payees receipt at the time of disbursement of incentive amount after the execution of the deed and to do all acts, deeds and the things whatsoever he may deem fit, proper and advisable.

2. He will be the authorised signatory of the company with regard to all matters pertaining to or arising out of the availment of incentives. All the acts, deeds and things done by him shall be binding on the Company.

Specimen Signature
Chairman/Managing Director

(Attested)

Form-M (d)
AFFIDAVIT

I, _____, do hereby solemnly state that I am proprietor/partner/director or M/s _____ and that date of production of unit after modernisation/Technology upgradation is _____ and that the unit has availed loan of Rs. _____ from _____. Following investment has been made with this amount in the unit:

- (i)
- (ii)
- (iii)

Total _____

I, further solemnly state that the plant and machinery installed is new and no incentive under any other State or Central Government Scheme for the same or similar purpose has been availed for this unit.

I, do hereby undertake to refund the entire amount of incentive of Rs. _____ (Rupees _____) granted to me, besides facing legal action in case these facts are proved to be wrong at any stage.

Signature of applicant

Verification

The contents of this affidavit are true to the best of my knowledge and belief and nothing has been concealed therein.

Signature of applicant

Form-M (e)

From

Director of Industries & Commerce,
Punjab, Chandigarh.

To

M/s. _____

Memo No.

Dated:

Reference your application dated: _____ for sanction of capital subsidy under the scheme for enhancing the competitiveness of SSI units through modernisation and technology upgradation.

Your case was considered by the committee in its meeting held on _____ and the claim for capital subsidy of Rs. _____ has been sanctioned / rejected due to reasons given in the Annexure.

However, the amount of subsidy can be reduced at the time of disbursement as provided in Clause 2 and 7.4 of the scheme.

for Director of Industries & Commerce.

Endst. No.

Dated:

A copy is sent to the concerned G.M., D.I.C.

Note : For details please refer to NOTIFICATION Dated: 29th May, 2003 No. 5/58/2002/IIB/1514 :