

**Government of Punjab**  
**Department of Industries & Commerce**

**4) Scheme for grant of Capital Subsidy to new small scale industrial units in Border areas.**

Introduction: 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 26.03.2003, which inter-alia provides for grant of Capital Subsidy to new small scale industrial units in Border areas.

Now, therefore, to implement the scheme of Capital Subsidy, set out in the aforesaid policy, the Governor of Punjab is pleased to notify detailed scheme as under:-

**1. SCHEME**

For the development of Border Areas, State Government will provide capital subsidy to new Small Scale Industrial units, except those in negative list at Annexure-I, set up in the Border areas. The quantum of subsidy will be to the extent of 30% of the Fixed Capital Investment upto maximum of Rs.30 lac per unit.

**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 number of units to be covered under the scheme during that quarter is 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 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 'The New Unit' means a unit that has come into commercial production on or after the 1st of April, 2003, and has been set up by installing plant and machinery at an independent and distinctly separate area, may be in the same premises, irrespective of the fact that the new unit is in the same line of manufacture as the existing one, owned by the same management.

3.5 'Fixed Capital Investment' (FCI) means investment made on land, building, plant & machinery and other items as indicated below by a new unit :-

- Land

Actual expenditure incurred on the purchase of land including registration charges and land development charges not exceeding 10% of the cost of land.

- Building

Actual expenditure on building but excluding labour quarters.

- Plant & Machinery

'Plant & Machinery' means new plant and machinery installed by the unit for the manufacture of items for which it is set up, provided that the old or re-conditioned plant and machinery directly imported and installed by a unit shall also be deemed to be new plant and machinery. Actual cost of plant and machinery will include the basic price of plant and machinery which, in case of imported machinery, will include freight charges from the port of arrival till destination and installation charges in addition to the C.I.F. value of such plant & machinery, provided that the freight and installation charges would be limited to 10% of the basic price.

- Other Items

- Cost of Generator set.
- Any amount paid by the unit to PSEB for installation of private transformer.
- Actual cost of weigh-bridge and laboratory equipment.
- Actual cost of Dies, Moulds, Jigs and fixtures.

3.6 'Commercial Production' means commencement of commercial sale of product for which the unit has been set up.

3.7 'Financial year' means the year beginning from 1st April to 31st March.

3.8 'Border Areas' means the revenue Districts of Amritsar, Gurdaspur and Ferozepur.

3.9 'Negative List' means the list of items at Annexure-I.

3.10 'Project Report' means a document, depicting physical and financial projections relating to the unit, duly appraised and approved by a financial institution or a scheduled bank while sanctioning term loan and / or working capital limit. In case of units which had neither availed term loan nor working capital, such document shall be appraised and approved by Punjab State Industrial Development Corporation.

3.11 '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.

#### **4 COMMENCEMENT AND APPLICABILITY**

The scheme shall come into force with effect from 1st April, 2003 and shall be applicable to such of the units which come into production, for the first time, on or after 1st April, 2003.

#### **5 ELIGIBILITY FOR INCENTIVES**

Those units which do not have their own land and building, incentive would be allowed, if such units have lease/rent deed/ building occupied by them for a period not less than 10 years.

## **6 GRANT OF SUBSIDY**

### **6.1 Eligible Fixed Capital Investment**

The total fixed capital investment for the purpose of calculation of subsidy shall ordinarily be restricted to the project cost as approved by the Financial Institution/ Scheduled Bank. However, any portion of this Project cost which is incurred even after the commencement of commercial production shall be taken as FCI provided this expenditure is justified & certified by the Financial Institution / Scheduled Bank. In case of self financed units, a certificate of expenditure as reflected in the project report from the PSIDC shall be obtained. Further, any expenditure over & above the Project cost as originally appraised by PSIDC/financial institution/Bank shall also be taken as FCI provided this additional cost has been financed & certified by financial institution/bank or otherwise appraised by PSIDC in case of self-financed units and has been incurred before the commencement of commercial production.

### **6.2 Procedure**

i) Application in Form I (a) for the grant of Capital Subsidy along with documents listed therein would be submitted to the District officer within the time frame prescribed in the Para 6.3 below.

ii) General Manager, District Industries Center 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 in writing within a period of 7 days and the applicant would also be given a definite time period not exceeding 4 weeks to rectify the deficiencies so pointed out.

iii) 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.

iv) 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 2 months from the date of filling the claim by the General Manager. For period exceeding 2 months, 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 4 months from the date of filing the claim by the General Manager.

v) The cases involving grant of Capital Subsidy to a unit upto Rs. 5.00 lakh shall be sanctioned by the District Officers within a period of 7 working days from completion of the claim.

vi) Cases where the amount of Capital Subsidy exceeds Rs. 5 lakh shall be processed and sent to the Directorate within a period of 7 working 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, concerned Joint Director/Deputy director and representative of the financial Institution/ bank. The committee would meet once in a month or earlier, if required.

vii) Sanction / Rejection letter will be issued to the unit immediately on approval of minutes of the meeting / approval by the District Officer in the format I(f) / I(g). as the case may be.

### **6.3 Time Limit**

A unit shall forfeit its entitlement to the grant of Capital Subsidy, if it does not submit its claim, complete in all respects, within 3 months of its coming into commercial production.

### **6.4 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.

### **6.5 Interpretation / Relaxation / Amendment of Rules**

Principal Secretary, Industries & Commerce shall be competent to interpret / Relax / Amend Rules under this scheme.

### **6.6 Appeals**

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

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

(c) Appeals mentioned in Rule 6.5 (a) and 6.5 (b) shall be filed within a period of 30 days from the date of communication of orders appealed against.

### **6.7 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.

## **7 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.

K.R. Lakhanpal  
Principal Secretary to Government, Punjab  
Department of Industries & Commerce

A copy is forwarded to the Controller, Printing & Stationery, Punjab, Chandigarh with the request that the above notification may be published in the Punjab Government Ordinary Gazette and twenty spare copies of the same be supplied to this department of Government.

(Amrit Lal Garg)  
Additional Secretary to Government of Punjab

No. 5/58/2002/IIB/

Dated: March, 2003

A copy is forwarded to the Accountant General, Punjab, Chandigarh for information & necessary action.

(Kashmir Singh Pannu)  
Superintendent

No. 5/58/2002/IIB/

Dated: March, 2003

A copy is forwarded to the Director of Industries & Commerce, Punjab, Chandigarh. He is requested to send a copy of notification to all concerned Departments / Agencies / Organisations.

( Kashmir Singh Pannu)  
Superintendent

**ANNEXURE-I**  
**NEGATIVE LIST OF INDUSTRIES**

1. Rice, Pulse and Cereal Mills.
2. Mere Bottling of Aerated Waters, Soft Drinks and Alcoholic Drinks.
3. Decorating, Expelling, Crushing, Roasting and Frying of Oil Seeds.
4. Wire Drawing of Steel and Stainless Steel and Bright Bars Manufacturing.
5. Bricks and Brick Tiles, excluding Ceramics, Vitreous and PVC Tiles.
6. Conduit Pipes and manually welded furniture, except ERW and Seamless Pipes.
7. Lime Kiln.
8. Stone Crushers
9. Bus / Truck Body and Cargo Boxes Manufacturing.
10. Refining and hydrogenation of edible oils, including manufacture of Vanaspati.
11. Distilleries & Breweries.
12. Tobacco and Gutka.

Form I (a)  
[Clause 6.2 (i)]

(to be submitted in duplicate in the office of the General Manager concerned)

Form of Application for the Grant of Capital Subsidy to the New Small Scale Units in Border Areas

1. Name and address of the unit:

2. Location:

(i) Village / Town

(ii) District

3. Constitution of the unit

(Proprietorship/partnership/limited company)

4. Item manufactured:

5. Registration No. and Date

6. Date of going into commercial production.

7. Means of finance

(i) Bank

(i) Financial Institution

(iii) Own resources

(iv) Other (shares/debentures/bonds etc.)

8. Total fixed capital investment:

Item

Period of investment

Amount

i) Land

ii) Building

iii) Machinery

iv) Machinery installation charges  
Total

9. Amount of subsidy claimed:

10. Documents attached:

(i) Copy of SSI registration certificate

(ii) Conveyance deed/Rent deed/Lease Deed of the land under the unit

(iii) Attested copy of certificate in Form A and Form C issued by Registrar of Firms & 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 I (b) / I(c).

(v) Project Report approved by the financial institution/bank.

(vi) Certificate from financial institution/bank concerned in Form 1(d) indicating its following details:

(a) Amount term loan and / or working capital loan sanctioned.

(b) Amount of term loan and / or working capital availed.

(c) Date of sanction and availment of loan

(d) Date of commencement of production.

(e) Whether the Plant & Machinery is new and / or second hand imported.

(f) Fixed capital investment on land / building and plant & machinery installed in the unit as on date and till the date of production.

(vii) Copy of audited balance sheet of the previous year

(viii) Detailed bill-wise, item-wise, expenditure statements of fixed capital investment shown in column 8 above

(ix) Affidavit in Form I (e)

Dated:

Signature of the applicant(s)

or

Authorised attorney with complete address



Form I (b)  
Certificate from Bank / Financial Institution

Certified that M/s \_\_\_\_\_ have been sanctioned term loan / working capital of Rs. \_\_\_\_\_ vide our letter No. \_\_\_\_\_ dated \_\_\_\_\_ .

Against the sanctioned loan of Rs. \_\_\_\_\_ the party has availed Rs. \_\_\_\_\_ loan till (date) \_\_\_\_\_ .

Following investment has been made by the party with this amount till the date of commencement of production, which is in tact in the premises of the unit:-

- (i) Land
- (ii) Building
- (iii) Plant & Machinery
- (iv) Other items

The investment made by the unit is justified and the unit is viable.  
The plant & machinery installed by the unit is new and / or second hand imported.  
The date of commencement of commercial production after making above investments is \_\_\_\_\_ .

Signatory with name and designation

Form I (c)  
Special Power of Attorney

Know all men by whom these present that we (i) \_\_\_\_\_ son of Mr. \_\_\_\_\_ (ii) \_\_\_\_\_ son of Mr. \_\_\_\_\_ 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 investment/modernisation incentive 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. 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 construed that we have done the said personally.

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

Witnesses:	Executant
1.	_____
2.	_____
3.	_____

Form I (d)

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 investment incentive/modernisation 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 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 (attested) Chairman/Managing Director

Form I (e)  
Affidavit

I, \_\_\_\_\_, do hereby solemnly state that I am proprietor/partner/director of M/s \_\_\_\_\_ and that date of production of unit is \_\_\_\_\_ and fixed capital investment made in this unit is Rs. \_\_\_\_\_ as per details given below:-

- i) Land
- ii) Building
- iii) Plant & Machinery
- iv) Other items

2. I do hereby affirm that the Plant & Machinery installed in the unit is new and / or second hand imported.

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

4. I further undertake that I have not availed subsidy under any other scheme of Government of India / State Government.

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 I (f)  
Sanction Letter  
(Head office Level cases)

From  
Director of Industries & Commerce,  
Punjab, Chandigarh.

To  
M/s. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Memo No.

Dated:

Reference your application dated: \_\_\_\_\_ for sanction of capital subsidy.

Your case was considered by the State Level 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 6.4 of the scheme.

For Director of Industries & Commerce.

Endst. No.

Dated:

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

Form I (g)  
Sanction Letter  
(District Level cases)

From

General Manager,  
District Industries Centre,

To

\_\_\_\_\_

M/s. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Memo No.

Dated:

Reference your application dated: \_\_\_\_\_ for sanction of capital subsidy.

Your case was considered by the State Level 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 6.4 of the scheme.

For General Manager

Endst. No.

Dated:

**Note :** For details please refer to NOTIFICATION Dated: 2.4.2003 No. 5/58/2002/IIB/1060 :