

**Gujarat Industrial Policy 2015
Scheme for assistance for Plastic
industry (Revised)**

**Government of Gujarat
Industries and Mines Department
Resolution No.MIS-102014-924790-I
Sachivalaya, Gandhinagar
Dated: 6.1.2017**

Read: (1) Government of Gujarat, New Industrial Policy – 2015
(2) Resolution No. MIS-102014-924790-I dated 27/01/2015

Preamble

Gujarat's economy is today at such a healthy stage, that from here, it can move on an accelerated high-growth trajectory. The State of Gujarat has always been at the forefront of economic growth in the country. It is envisaged that Gujarat's development vision will continue to emphasize on integrated & sustainable development, employment generation and inclusive growth.

The state is geared towards development of robust infrastructure that will form the base for spurring a high growth. The state has a proven track record of attracting large number of investments and as a result has become the most sought out investment destination in India. There has been a balanced development in the field of agriculture, manufacturing and services which has increased livelihood opportunities in the state. Gujarat accounts for more than 35 percent of total chemical production in the country. The available raw material with the State tends to initiate promotion and development of plastic industries on large scale.

The industrial policy aims to encourage the manufacturing sector to upgrade itself to using cutting edge technology and innovative means to significantly add value, creating products that command a niche position in the global markets. Building backward and forward linkages in the focus sectors will help in creating a strong multiplier effect in the economy, which would boost consumption and growth. Plastic industry is identified as specific sector focus to promote manufacturing industries. Investment in this sector will create vast opportunities for ancillary and downstream industries in the small, medium & large sector in the State. For the State Government, Plastic industry will be focal point for overall development of Gujarat State.

In this context, the State Government vide Government Resolution read at Sr. no.(2) above, issued a Scheme for assistance for Plastic industry. Subsequent to issuance of the Government Resolution,

plastic manufacturer associations have represented that though the state is the first state to introduce industry specific scheme, some provisions of the scheme are restrictive to attract more investment in this sector and industries sector needs some clarification and amendments in the scheme which may attract more investment in the state of Gujarat. The issues mentioned by the association were discussed with them and government after examining the issues and decided to revise the scheme by amending provisions on merit of the issue.

Resolution

In supersession of earlier Scheme, Government is pleased to introduce revised scheme namely, "**Scheme for Assistance for Plastic Industry (Revised)**" as mentioned below. The revised scheme is effective from the date 1.1.2015 as enforced under original scheme referred at (2) above, will remain in operation for a period of five years i.e. upto 31.12.2019.

1.0 Definitions

1.1 Plastic Industry Enterprise:

✓ Plastic Industry enterprise refers to that industrial unit, which engaged in manufacturing of plastic products/items/articles by using plastic as main raw materials. Plastic material means organic polymers of high molecular mass such as Polyolefin (LLDPE, LDPE, HDPE, PP), PVC, Nylon, Polyesters, Polystyrene, Polycarbonate, polyamide (nylon 6, nylon 66), etc.

1.2 New Enterprise:

New enterprise means which has filed Industrial Entrepreneurs Memorandum / Entrepreneurs Memorandum / Udyog Aadhar and commences commercial production during the operative period of the Scheme.

1.3 Existing Enterprise:

Existing Enterprise means enterprise that is in production before initiating expansion at the same location/premise. A new enterprise which has either availed or not availed incentive under this scheme and decide to carry out expansion of existing product line during the operative period of the scheme will also be termed as existing enterprise in reference to the expansion.

1.4 Eligible Enterprise:

All new enterprise or existing enterprise as defined in para 1.2 and 1.3 will be eligible for incentives.

- 1.5 **Expansion:**
Expansion means where an existing enterprise increases its investment in gross fixed capital by at least 50% at the same location of its existing project, of which at least 60% of investment is made in plant and machinery, and also increases its installed capacity by at least 50% of existing product/s for which expansion is carried out. Such expansion will be eligible only if the existing industrial unit has reached the utilization of existing installed capacity of existing product/s at least to the extent of 75% during at least one out of the preceding three financial years and commencing production of said expansion during the operative period of the scheme.
- 1.6 **Installed Capacity:**
Installed Capacity means the optimum production capacity of the product by plant & machinery installed. In case of companies registered under the Companies Act, the installed capacity stated in the latest annual report or the installed capacity as mentioned in the appraisal report prepared by a bank or financial institution will be considered as the installed capacity of the product/s. Where no such appraised details are available, then the production capacity as worked out by the Industries Commissioner, or by an officer authorized by him, will be considered as the installed capacity.
- 1.7 **Diversification:**
Existing enterprise carrying out diversification in the plastic line with an investment of more than 50% of (out of which minimum 60% investment should be in plant and machinery) its existing gross fixed capital investment on the date of initiating diversification and commencing production of said diversification during the operative period of the scheme.
- 1.8 **Eligible fixed Capital Investment:**
Eligible fixed capital investment means the investment made in new building, new plant & machinery, equipment and /or imported second hand Plant and Machinery / equipment having a residual life of minimum five years as certified by Chartered Engineer, **including** cost of installation, erection, transportation, electrification, and other related assets. (except cost of land, stamp duty and registration charges) required for the manufacturing of the product.
- 1.9 **Time period for consideration of eligible fixed capital investment**
The fixed assets, those acquired and paid after 1.1.2015 and during the operative period of the scheme or as defined hereunder will be considered as Eligible Fixed Capital Investment.

The following time limits will be allowed to complete the investments

- (i) For investments by MSMEs :- six months from the date of production
- (ii) Investments upto Rs. 100 Crores :- twelve months from the date of production
- (iii) Investments of more than Rs.100 Crore :- eighteen months from the date of production

Clarification:

- (1) The investment period shall be extendable beyond the operative period of the scheme within above mentioned time limit, if the enterprise has commenced commercial production during the operative period of the scheme.

For example:

- (2) If the unit is MSME and its Date of Commercial Production is 01/11/2015, the eligible period for investment will be six months from the date of production i.e. 30/04/2016.
- (3) If the unit is MSME and its Date of Commercial Production is 01/11/2019, the eligible period for investment will be six months from the date of production i.e. 30/04/2020. Similarly, for case at (ii) & (iii) at above.

2.0 Eligibility

- (1) Enterprise which purchases plastic as main raw material and commences commercial production during the operative period of the scheme would be eligible under this scheme.
- (2) In case of self-financed enterprise, the eligible capital investment shall be considered for the fixed assets those acquired and paid on or after 01/01/2015.
- (3) In case of enterprise financed by Bank/FI, the installments of term loan disbursed on or after 01/01/2015 and during operative period will be considered for eligibility for Interest subsidy. However, the amount of loan to be considered for interest subsidy will not be more than Eligible Fixed Capital Investment made after 1.1.2015.

3.0 Quantum of Assistance

3.1 Interest Subsidy

- a. Interest Subsidy @7% per annum out of interest payable on the Term loan availed from Bank or Financial Institutions as per RBI guidelines during the operative period of the scheme for fixed capital investment with the maximum amount of Rs.1 crore per annum for period of 5 years from the date as opted by the enterprise as provided at (c) under this para.
- b. Loan sanctioned by Non-Banking Financial Institutes will not be eligible for any incentive under the scheme.
- c. Enterprise shall opt for date of eligibility of interest subsidy either from the date of first disbursement of loan during operative or from 1.1.2015, in case loan is disbursed before the operative period or from the date of commencement of commercial production.
- d. Reimbursement of interest subsidy will be only after commencement of commercial production by the enterprise.

3.2 VAT related Incentive

- (1) Net VAT means the tax including Additional Tax paid on sale of product after adjusting the tax credit of tax, including Additional Tax on purchases.
- (2) The eligible unit shall pay the net VAT payable under the provisions of the Gujarat VAT Act, 2003 in the Government treasury.

The eligible unit will be allowed reimbursement to the extent of 80% of the net VAT paid.

- (3) Only 75% of eligible fixed capital investment of eligible enterprise will be considered for reimbursement.
- (4) The reimbursement will be available for a period of seven years from the date of production or the completion of limit of 75% whichever is earlier. The monetary ceiling available as per (3) above to the eligible enterprise shall be divided into 7 (eligible years) and the eligible enterprise shall be entitled to avail the annual VAT incentives to the extent of 1/7th of monetary ceiling in particular year.

- (5) If the eligible enterprise availing incentive under this resolution, and is already manufacturing the same product in one or more existing industrial units in Gujarat owned by it or by its subsidiary, then the amount of net VAT paid by all such existing industrial units on the same product for five consecutive years commencing from the year in which the enterprise avails incentive under this resolution shall not be lower than the average net VAT paid on the same product in the immediately preceding three financial years from the year in which the industrial undertaking avails incentive under this resolution.
- (6) If the amount of net VAT so paid by the existing industrial units in any of the five consecutive years is lower than the average net VAT paid in the immediately preceding three years from the year in which the industrial undertaking avails incentive under this resolution, then the amount of incentive availed under this resolution shall be reduced to that extent in the year in which the net VAT paid is lower.

3.3 Conditions for availing incentive

1. An industrial undertaking eligible for reimbursement of Net VAT shall be considered as a normal dealer under the Gujarat Value Added Tax Act, 2003 and the rules made thereunder. The incentive shall be available in the form of reimbursement only.
2. The eligible industrial undertaking will be allowed reimbursement of net VAT paid to the extent of rates as outlined under paragraph 8 of this resolution.
3. The eligible industrial undertaking shall manufacture the goods on its own for which it is eligible for incentive.
4. The eligible industrial undertaking shall remain in production during the incentive period.
5. The eligible industrial undertaking shall have to make e-payment and submit e-returns.
6. In the GST regime
Incentive relating to GST would be examined after the introduction of Goods and Service Tax regime in the State/Country.

4. Procedure:

- I. The enterprise will apply to District Industries Centre / Industries Commissionerate in prescribed format along with detailed project report within 180 days from issuance of this amendment or from the date of production, whichever is later. If the unit does not make application within 180 days, the proportionately eligible period and eligible amount will be reduced to the extent of delay period.
- II. The application will be scrutinized and will be put up before the sanctioning authority for approval.
- III. On Approval of the project, registration certificate will be issued by District Industries Centre / Industries Commissionerate.
- IV. On commencement of the commercial production the enterprise will apply to Sanctioning Authority for assistance under the scheme. The concerned sanctioning authority shall issue the eligibility certificate for VAT incentive and reimburse the interest subsidy.
- V. The detailed procedure for sanction and disbursement will be laid down by IC office.
- VI. The enterprise that has availed assistance under this scheme will not be entitled to avail benefit under any other scheme of State Government, unless and otherwise specified under that scheme.

5. Sanctioning Authorities

The Sanctioning Authorities for different category of applications are as under:

5.1 Committee for project cost more than Rs. 100 cr.

- | | |
|---|------------|
| 1. Hon. Minister of State(industries) | - Chairman |
| 2. Additional Chief Secretary(IMD) | - Member |
| 3. Secretary (Exp.) Finance Department | - Member |
| 4. Commissioner of Commercial Tax | - Member |
| 5. Industries Commissioner | - Member |
| 6. Additional commissioner/Joint Commissioner | - Member |
| | Secretary |

5.2 Committee for Project Cost more than Rs. 25 cr. upto Rs.100 Crores

- | | |
|---|------------|
| 1. Additional Chief Secretary (IMD) | - Chairman |
| 2. Industries Commissioner | - Member |
| 3. Special Commissioner of Commercial Tax | - Member |
| 4. Financial Adviser (IMD) | - Member |
| 5. Deputy Secretary(Inc.),IMD | - Member |
| 6. Add. Commissioner/Joint Commissioner | - Member |
| | Secretary |

- 5.3 Committee for Project Cost up to Rs. 25 Crores**
- | | |
|---|-----------------------|
| 1. Industries Commissioner | - Chairman |
| 2. Additional Commissioner | - Member |
| 3. Financial Adviser(IMD) | - Member |
| 4. Deputy Secretary (Inc.)IMD | - Member |
| 5. Joint Commissioner/Deputy Commissioner | - Member
Secretary |

5.4 District Industries Centre for all MSMEs

6.0 Other Conditions

The incentives granted under the scheme shall be subject to the following conditions. In case of any breach of one or more of these conditions, the incentives given under the scheme shall be liable to be recovered as an arrear of land revenue or in any other appropriate manner the government may deem fit.

- (1) An industrial undertaking that has availed incentive under the scheme shall be required to employ persons domiciled in Gujarat to the extent of at least 85% of its total number of employees. The employment of persons domiciled in Gujarat in managerial and supervisory capacity shall not be less than 60% of the number of persons employed by the enterprise in managerial and supervisory capacity, subject to the requirement of employing at least 85% of the total number of employees from persons domiciled in Gujarat.
- (2) The industrial undertaking shall be required to submit a list of persons employed and such other information required for verification of having satisfied this condition, before the sanction of incentives under the scheme.
- (3) An industrial undertaking that has availed similar incentive as provided under this scheme under any other scheme of the state government shall not be eligible for the incentive under this scheme. However, the industrial undertaking may avail similar incentives under a scheme of the central government.
- (4) Any investment made by an existing industrial undertaking for renovation, modernization, rehabilitation, or rationalization will not be eligible for incentive under this resolution.
- (5) An industrial undertaking that has availed incentive under this scheme shall install and effectively operate and

maintain pollution control measures as per the standards prescribed and approved by the competent authority in this regard.

- (6) An industrial undertaking that has availed incentive under this scheme shall be required to remain in production continuously till the expiry of the eligible period of incentive. However, if production is discontinued due to reasons beyond the control of the management, the sanctioning authority may condone the period for which production is discontinued after due verification of details and reasons of discontinuation of production and after satisfying itself to the same.
- (7) The industrial undertaking shall furnish to the Industries Commissioner/General Manager District Industries Centre information regarding production and employment for each financial year within 60 days of the close of the financial year. It shall also furnish information on such other matters that the state government may require from time to time.
- (8) The Industries Commissioner may separately issue guidelines for the implementation of the scheme.

7.0 Budget Provision

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

Demand No.	49
Major Head	2852-Industries
Sub Major Head	800 - Other expenditure (24) IND-5 Promotion Efforts for Industrial Development, Plastic Industry

This issues with the concurrence of Government vide note dt. 2.1.2017 received on the even number of this Department.

By order and in the name of Governor of Gujarat,

B. S. Mehta
(B. S. Mehta)

Deputy Secretary
Industries and Mines Department

Copy to:-

1. Secretary to Hon'ble Governor of Gujarat*
2. Chief Principle Secretary to Hon. Chief Minister*
3. Personal Secretary to all Hon. Ministers

4. All Departments
5. Deputy Secretary to chief secretary
6. All HODs/Boards/Corporations/Institutes of IMD
7. V.C. & M.D. G.I.D.C., Gandhinagar
8. Industries Commissioner, Gandhinagar
9. Accountant General Rajkot/Ahmedabad.
10. Computer Cell, IMD (for website updation)
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