

Himachal Pradesh Industrial Investment Policy, 2019

1 Introduction

Himachal Pradesh consists of diverse terrains and varied climatic zones. Economic strength of Himachal Pradesh primarily lies in activities related to Agriculture, Horticulture, Animal Husbandry, Limestone mines and allied activities in the Primary Sector.

Industrialization in the State is a recent phenomenon. It only gained momentum after getting Statehood. Before grant of Statehood in 1971, only a few industrial units namely Nahan Foundry at Nahan, M/s Mohan Meakins Breweries at Kasauli and Solan, Salt Mines at Drang (Mandi), Rosin & Turpentine Factories at Nahan & Bilaspur and four small gun factories at Mandi were the main industrial units functioning in the State.

The State Government recognized the importance of Industrial Policy as an effective instrument to boost the confidence of investors and catalyze industrial development. Incentives to Industries were notified initially during 1971 and were revised in the year 1980, 1984, 1991, 1996, 1999 and 2004, which were amended in the year 2009, 2015 and 2017 in response to the changing scenario.

The severe climatic conditions topographical and geographical severities throw challenges in the process of industrialization. In such a scenario, the benefits made available in the form of incentives and subsidies as well as the creation of appropriate infrastructure become the main instruments to attract industrial investment in the State. With substantial investment in infrastructural facilities, the State has been able to offset the location and geographical disadvantages to a considerable extent. Factors like low cost quality power, harmonious industrial relations, low cost of land and clean environment, investor friendly administration, attractive incentives and tax concessions, accessibility to Northern markets - all contribute towards creating a healthy investment climate in our State.

During the last few years, industrialization in the State has made significant progress. The Share of industries and Services Sector in the State Domestic Product has increased from 1.1 & 5.9 percent in 1950-51 to 9.4 and 13 percent in 2010-11 and 29.2% and 43.3 % in 2017-18 respectively. The period of Industrial Policy Package of Govt. of India has seen Himachal Pradesh entering the take-off stage with a well-diversified base of industries ranging from rural and traditional Handloom Handicrafts, Cottage, Micro and SSI units to modern Textile, Telecommunication equipment, sophisticated Electronic units, Pharmaceuticals, Engineering, High Quality Precision Tools, Food Processing industries etc. An investment of about Rs. 15000 Crore actually happened during the period of Industrial Package. Up to 31st March, 2019 the State had 49532 Small Scale and 689 Medium & Large Scale industrial units registered with the Industries Department with a total investment of about Rs. 35449 Crore which were providing employment to about 4.17 lakhs persons. This growth in industrial sector could be achieved only because of forward looking Industrial Policies which were in tandem with changing needs and its proper implementation.

In Ease of Doing Business (EODB) ranking, the State has improved its implementation score from 65.48% to 94.13% in 2017-18 and also emerged as the fastest growing State in the EODB. In Start-up ranking 2018, the State has emerged as the leading Hill State and aspiring leader and also recognized as leader for regulatory change. The State has also recently topped in the ranking done by the NITI Aayog as regards efforts being made to achieve the Sustainable Development Goals.

2 Vision Statement

“To create an enabling ecosystem to enhance the scale of economic development & employment opportunities; ensure sustainable development & balanced growth of industrial & service sectors to make Himachal as one of the preferred destination for investment”

3 Objectives

This policy aims to:-

- i) serve as a guideline to create a congenial investment climate for existing industries to grow as well as to attract further investment in the State for creating employment opportunities for local youth and to ensure development of Industrial & Service Sector throughout the State.
- ii) specifically address issues impeding industrial growth and ensure simplification of procedures, key physical and social infrastructure, human resource development, access to credit and market.
- iii) promote Ease of Doing Business by digitization of all processes and to promote self-certification.
- iv) give impetus to food processing industry by establishing effective forward and backward linkages; promoting Agro-Horticulture and rural prosperity.
- v) promote MSME sector for uniform sustainable growth of service and industrial sector throughout the State to facilitate generation of employment opportunities for local youth and stakeholders.
- vi) promote start-ups and entrepreneurship to create and generate local entrepreneurial base.
- vii) recognize and encourage the role of large investment to enhance the scale of economic development, employment opportunities, ancillarisation, revenue generation and remunerative prices to local resources.
- viii) uplift weaker sections of the society.

4 Strategy

The objectives of this policy would be achieved by:-

- i) streamlining rules/procedures, introducing self-certification, digitalization of all clearances in a time bound manner to ensure Ease of Doing Business (EODB).
- ii) creating and up gradation of existing industrial infrastructure and creation of private Land Bank.
- iii) ensuring the availability of quality power on competitive rates.

- iv) by rationalizing the provisions of incentives, concessions and facilities having a direct impact to sustain and accelerate investment in the State.
- v) by providing graded fiscal incentives, facilities and concessions to balance regional economic development.
- vi) by providing incentives, facilities & concessions with condition of employment to 80% Bonafide Himachlies at all level. Enterprises employing above 80% Bonafide Himachlies on regular basis are being incentivized on additional employment generated over and above of 50 Bonafide Himachlies.
- vii) by focusing and providing an ideal eco system to boost startups & entrepreneurship; environment to sustain traditional cottage industries; technology up gradation, ancillarisation, industrial sickness, R&D and productivity to increase competitiveness.
- viii) by recognizing the importance of cottage Handloom & Handicraft industry and other rural economy based critical sectors such as food processing and provision of backward & forward linkages with Agro-horticulture and Tourism.
- ix) by discouraging polluting industries to create a responsible eco friendly environment and incentivize adoption of cleaner production technologies.
- x) by recognizing the role of specified services activities in employment generation.

5 Eligible Enterprises for availing incentives under this Policy:-

A) All “New Industrial Enterprises” except Industrial Enterprises engaged in manufacturing activities specified in the “Negative List” annexed with this policy;

And

New Enterprises engaged in “Specified Category of Service Activities” annexed with this policy;

And

All Existing Industrial Enterprises undertaking Substantial Expansion except Industrial activities as specified in the Negative List

And

All Existing Service Enterprises engaged in Specified Category of Service Activities undertaking Substantial Expansion will be eligible for incentives, concessions and facilities announced under this policy subject to:-

- fulfillment of the eligibility criteria & conditions as defined under the Rules regarding Grant of Incentives, Concessions & Facilities to Industrial & Service Enterprises in Himachal Pradesh-2019.
- employment of minimum 80% Bonafide Himachlies, at all levels, directly on regular, contractual, daily basis etc. or through contractor or outsourcing agencies at the time of commencement of commercial production/operation as well as for the time period it remains in commercial production/operation in the State by the New Enterprise set up under this policy. In case of Existing Enterprises undertaking substantial expansion, out of additional employment generated due to Substantial Expansion employment to atleast 80 % of Bonafide Himachlies.

B) Incentives provided under this policy will be admissible from the date of commencement of commercial production/operation or from the date on which respective administrative department issues enabling notification under the relevant statute/law to operationalize incentives notified under this policy, whichever is later.

6 Categorization of State

With a view to create a congenial investment climate for existing industries to grow as well as to attract further investment in the State and to ensure balanced development of Industrial & Service Sector throughout the State, the State has been categorized into three categories of Areas as "A", "B" & "C". This classification has been done depending upon the location, distance from border of adjoining state, extent of industrial development and overall backwardness; resource availability and potential for employment generation. In Category "A" Areas industrially developed areas and Category "B" industrially developing areas and in Category "C" Tribal Areas, industrially backward developmental blocks & backward panchayats are included.

7 Incentives Proposed for Micro, Small and Medium Enterprises (MSME)

“MSME” enterprises having investment up to Rs.10 Crore in plant and machinery in case of manufacturing enterprises or having investment up to Rs.5 Crore in equipments in case of specified category of service enterprise (Annexure-II) would be entitled to avail following incentives, concessions and facilities:

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| I | <p>Subsidy towards the cost of preparation of Detailed Project Report & obtaining certification</p> <p>Eligible Enterprises would be reimbursed 50% of expenditure incurred towards the cost paid to the consultant for preparation of DPR; certification / valuation of value of Technical Civil Works or investment in Plant and Machinery, subject to maximum of Rs. 20,000 for Micro; Rs. 50,000 for Small and Rs. 1,00,000 for Medium Sector Enterprises.</p> |
| II | <p>Incentives related or incidental to allotment of land and Industrial Sheds</p> |
| i) | <p>Allotment of Land and Industrial Sheds</p> <p>Concession to the tune of 50%, 60% & 70% of rate/premium fixed for land or industrial sheds in category A, B and C respectively will be given to enterprises provided it commences commercial production/operation within 2 years of handing over of possession of land or within a period of 1 year of handing over possession of Industrial Shed, as the case may be. This concession will be adjusted in future instalments.</p> |
| ii) | <p>Easy Payment schedule of land/shed premium:-</p> <p>12% of the premium of land/ shed shall be realized before handing over of possession and balance in 8 equal annual interest free instalments. In case allottee after commencement of production or any subsequent stage offers to clear balance payment of premium in lump sum, rebate of 10% on balance premium of land/shed will be given.</p> |
| iii) | <p>Provisions of extension in provisional allotment period</p> <p>The land/ plot will be provisionally allotted for a period of two years from the date of handing over of the possession. However period of the provisional allotment can be extended upto 5 years from the date of handing over possession by charging nominal extension fee. The</p> |

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| | Industrial shed will be provisionally allotted for a period of one year from the date of handing over of the possession, however period of the provisional allotment can be extended upto 2 years from the date of handing over possession by charging nominal extension fee. |
| iv) | Provision to rent out surplus built up area for industrial use Industrial Enterprise in production may be allowed to rent out upto 49% of built up area for setting up of Industrial Enterprise(s) to manufacturing the new item(s) by charging nominal processing fee. |
| III | Incentives related with matters related with land |
| i) | Concessional rate of Stamp Duty and registration fee Stamp Duty and registration fee @ 50%, 30% & 10% of applicable rates would be charged in Category 'A', 'B' & 'C' areas on instrument of conveyance deed or lease deed. |
| ii) | Exemption from payment of Change in Land Use charges Enterprise set up in Category B & C areas would be exempted from payment of the change in land use charges levied under the provisions of H.P. Town and Country Planning Act – 1977. |
| IV | Interest Subvention Interest Subvention @ 3% on term loan subject to a maximum of Rs.2 lakhs, Rs.4 lakhs and Rs.6 lakhs per annum for a period of 03 years in Category A, B & C areas respectively |
| V | Assistance for transportation of Plant & Machinery Reimbursement of 50% of cost incurred on inland carriage and inland transit insurance of Plant and Machinery subject to maximum of Rs.2 lakhs per enterprise in Category 'A' area and Rs.3 lakhs in Category 'B' & 'C' areas. |
| VI | Transport Subsidy Eligible Industrial Enterprises set up in category B & C Areas would be incentivized to compensate high cost of transportation within the State, irrespective of fact that source of purchase or destination of sale is within or outside the State that. (a) Enterprises located in Category B areas would be reimbursed actual expenditure incurred on transportation of raw materials & |

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| | <p>finished products within the state or 3% of annual turnover, whichever is lower, subject to maximum of Rs.10 lakhs per annum for a period of 3 years.</p> <p>(b) Enterprises located in Category C areas would be reimbursed actual expenditure incurred on transportation of raw materials & finished products within the state or 5% of annual turnover, whichever is lower, subject to maximum of Rs.10 lakhs per annum for a period of 5 years.</p> |
| VII | <p>Assistance for access to Technology, Competitiveness, Innovation and Quality Certification:-</p> <p>Reimbursement of 50% of expenses incurred for the setting up in house testing facilities and equipments required for obtaining certification of Bureau of Indian Standards / World Health Organization – GMP / ISO / Organic Certification / any International Certification excluding Plant and Machinery / equipments used directly in manufacturing process or rendering of services subject to maximum of Rs. 5 Lakhs per enterprise.</p> |
| VIII | <p>Assistance to encourage water conservation ; compliances of Environment, Health and Safety Standards:</p> <p>Eligible enterprises would be reimbursed:-</p> <p>a) 25% of expenditure incurred for the purchase of Plant & Machinery / equipments for setting up of Effluent Treatment Plant (ETP), rain water harvesting system excluding expenditure incurred on construction, subject to maximum of Rs.2 lakhs per enterprise.</p> <p>b) 50% of Power Tariff paid for running of ETP for a period of 3 years, subject to maximum of Rs.1 lakh per annum. This incentive would be disbursed subject to installation of separate electricity meter/sub-meter exclusively for running of ETP.</p> |
| IX | <p>Net SGST Reimbursement</p> <p>Reimbursement of Net SGST paid to the State Government under H.P. GST Act 2017 @ 50%, 80% and 90% for a period 7 years, up to a maximum of 80% of the Fixed Capital Investment in Category A, B and C areas respectively.</p> |

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| X | <p>Purchase Preference</p> <p>The State Government would give Purchase Preference to local Micro and Small-Scale Enterprises by placing at least 25% of the total orders with them on lowest approved rates, wherever applicable provided such products meet the required quality standards and HOD is of the opinion that item required is not of sophisticated nature, high technology and precision standards</p> |
| XI | <p>Access to Finance for MSMEs</p> <p>Existing and New eligible enterprises will be reimbursed 50% of expenses incurred on floating Public Issue for raising funds through National Stock Exchange (NSE) dedicated platform for SME's including cost of registration with National Stock Exchange in case funds so raised are utilized for the setting up or expansion of eligible enterprise(s) within the State, subject to maximum of Rs.10 lakhs per enterprise.</p> |
| XII | <p>Self-Certification</p> <p>Enterprises after obtaining the title of land may start physical implementation of project without waiting for those approvals/ NOCs/permissions which are identified and notified as such by the concerned department/organization, provided the enterprise has duly applied for requisite approvals/clearances to the respective authorities as regards these approvals/ NOCs/ permissions. The concerned departments/ organizations will be required to give immediate Acknowledgement Certificate for 02 years on declaration by Enterprises that they will adhere to applicable conditions and requirements of aforesaid approvals/NOCs/ permissions. The enterprise will be required to obtain all requisite approvals from the competent authority within a period of two years or till it commences operations, whichever is earlier.</p> |

8 Incentives proposed for Large enterprises

Enterprises having investment above Rs.10 Crore in plant and machinery in case of manufacturing enterprises or having investment above Rs.5 Crore in

equipment in case of service enterprise would be entitled to avail following incentives, concessions and facilities:

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| I. | Incentives related or incidental to allotment of Government land |
| i) | Concessional Rate of Allotment of Land Concession to the tune of 25%, 45% & 65% of rate/premium fixed for land in category A, B and C respectively will be given to enterprises provided it commences commercial production/operation within 3 years of handing over of possession of land. |
| ii) | Easy Payment schedule of land premium:- Payment of 15% of the cost/premium of land before handing over possession and balance in 5 equal annual interest free instalments. In case allottee after commencement of production offers to clear balance payment of premium in lump sum, rebate of 10% on balance premium of land will be given. |
| iii) | Provisions of extension in provisional allotment period The land/ plot will be provisionally allotted for a period of three years from the date of handing over of the possession. However period of the provisional allotment can be extended upto 5 years by charging nominal extension fee. |
| iv) | Provision to rent out surplus built up area for industrial use a) Large Industrial Enterprise may be allowed to rent out upto 60% of built up area for setting up of Industrial Enterprise(s) ancillary to such Large Industrial Enterprise(s) by charging nominal processing fee. b) For cases other than (a) above, provisions made for MSME under this policy will be applicable. |
| II | Incentives related with matters related with land |
| i) | Concessional rate of Stamp Duty & Registration fee Stamp Duty & Registration fee @ 50%, 30% & 20% of applicable rates would be charged in Category 'A', 'B' & 'C' areas respectively on instrument of conveyance deed or lease deed. |
| ii) | Exemption from payment of Change in Land Use charges Enterprise set up in Category B & C areas would be exempted from |

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| | payment of the change in land use charges levied under the provisions of H.P. Town and Country Planning Act – 1977. |
| III | <p>Interest Subvention</p> <p>For large enterprises, interest subvention @ 3%, on term loan subject to a maximum of Rs.10 lakhs, Rs.15 lakhs and Rs.20 lakhs per annum for a period of 3 years in Category A, B & C areas respectively.</p> |
| IV | <p>Net SGST Reimbursement</p> <p>Reimbursement of Net SGST paid to the State Government under H.P. GST Act 2017 @ 50%, 70% and 80% to Large Enterprises in Category A,B and C respectively, for a period 5 years, up to a maximum of 80% of the Fixed Capital Investment.</p> |
| V | <p>Transport Subsidy</p> <p>Eligible Industrial Enterprises set up in category B & C Areas would be incentivized to compensate high cost of transportation within the State, irrespective of fact that source of purchase or destination of sale is within or outside the State.</p> <p>(a) Enterprises located in Category B areas would be reimbursed actual expenditure incurred on transportation of raw materials & finished products within the state or 3% of annual turnover, whichever is lower, subject to maximum of Rs.20 lakhs per annum for a period of 3 years.</p> <p>(b) Enterprises located in Category C areas would be reimbursed actual expenditure incurred on transportation of raw materials & finished products within the state or 5% of annual turnover, whichever is lower, subject to maximum of Rs.30 lakhs per annum for a period of 5 years.</p> |

9 Additional Incentives for Special Category of Entrepreneurs

Enterprises of persons belonging to the Scheduled Castes, Schedule Tribes, Below Poverty Line(BPL) families; women, ex-serviceman, person(s) with disabilities, persons affected with HIV/AIDS and single member companies promoted by aforesaid persons (Special Category of Entrepreneurs) are entitled

for availing incentives, concessions and facilities, as being provided to MSMEs in this policy and also to avail following additional incentives:

- a) Reimbursement of 90% of the charges paid to the consultant for preparation of DPR; certification / valuation of Technical Civil Works, subject to maximum of Rs.20,000 for Micro; Rs.50,000 for Small and Rs.1,00,000 for Medium Sector Enterprises.
- b) Out of turn allotment of plot / shed available in Industrial Areas / Estates exclusively to the Persons with Disabilities.
- c) Interest Subvention @ 5% on term loan for a period of 5 years subject to a maximum ceiling of Rs.3 lakhs, Rs.5 lakhs and Rs.7 lakhs per annum in Category A, B & C areas respectively subject to condition that interest subsidy would be calculated on simple interest .
- d) Reimbursement of 100% of cost incurred on inland carriage and inland transit insurance of Plant and Machinery after Commencement of Commercial Production **subject to maximum of 3 lakhs.**

10 Incentives for Anchor Enterprises

Anchor Enterprise means first Industrial Enterprise set up in an Industrial Area with the Fixed Capital Investment of more than Rs. 200 Crore, employing more than 200 Bonafide Himachlies on regular basis. Such **Anchor** enterprises would be entitled to avail following incentives, concessions and facilities:-

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| I | Concession to the tune of 50%, 60% & 75% of rate/premium fixed for land in category A, B and C respectively will be given to enterprises provided it commences commercial production/operation within 3 years of handing over of possession of land. Such enterprises would be entitled for easy payment of land premium as being provided to MSME's under this policy. |
| II | Reimbursement of Net SGST paid to the State Government under H.P. GST Act, 2017 for a period of 7 years up to a maximum of 80% of the Fixed Capital Investment. |
| III | Stamp Duty & Registration fee @ 50%, 30% & 20% of applicable rate in Category 'A', 'B' & 'C' areas respectively on instrument of conveyance deed or lease deed. |
| IV | Such Enterprises would be incentivized to compensate high cost of |

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| | <p>transportation within the State, irrespective of fact that source of purchase or destination of sale is within or outside the State. Actual expenditure incurred on transportation of raw materials & finished products within the state or 5% of annual turnover, whichever is lower, subject to maximum of Rs.30 lakhs per annum would be reimbursed for a period of 5 years.</p> |
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11 Incentive to encourage employment of Bonafide Himachali

- (a) Existing as well as new Enterprise giving employment to Bonafide Himachlies over and above 80% on regular basis would be eligible for incentive of Rs.1000 per month per additional employment generated over and above of 50 Bonafide Himachlies for ten years from the date of production.
- (b) Bonafide Himachlies employed by the industrial enterprises would be eligible for skill development allowance as notified by the Department of Labour & Employment under Skill Development Allowance Scheme-2018

12 Assistance for Patent Filing and use of green fuel

- a) Reimbursement of Rs.10 lakhs or 75% of expenditure incurred/charges paid to patent attorney, patent service centre and patent filling agency for obtaining patent, whichever is lower.
- b) Reimbursement of 50% of cost incurred within the factory premises to fuel manufacturing process with gas/ solar power or to use it as an alternate power backup, subject to maximum of Rs.3 lakhs per enterprise.

13 Incentives to EOUs for Promotion of Export

- Reimbursement of cost incurred for shipment of export samples from the port/ container depot to the port of destination subject to maximum of Rs.1,00,000/- per Enterprise during its period of operation.
- Reimbursement of 50% of the cost incurred on publishing export marketing brochures/ product literature and participating in the relevant overseas trade fairs approved by the Government of India/State Government with a ceiling of Rs.3,00,000/- per Enterprise during its period of operation.

- To facilitate the transportation of export items allotment of land may be made at a concessional rate for the setting up of Inland Container Depot(s).

14. Investor friendly planning regulation norms under H.P. Town & Country Planning Act 1977

The State Government is committed for planned development without compromising with the environment and safety of workers and enterprises. The State Government has now revised the operative norms for planning regulation under the Town and Country Planning Act – 1977 to ensure maximum utilization of land. Further all the processes for obtaining planning permission(s) have now been made online, backed with time lines to ensure maximum ease of doing business.

For industrial use following regulations are applicable:

| Sl. No. | Size of plot | Minimum Set Backs (in Mtr.) and Maximum Floor Area Ratio (FAR) | |
|----------------|---------------------------------|---|------|
| 1 | 150 Sq. Mtr. To 500 Sq. Mtr. | Front Set Back | 3 |
| | | Right Set Back | 2 |
| | | Left Set Back | 2 |
| | | Rear Set Back | 2 |
| | | Floor Area Ratio (FAR) | 2 |
| 2 | 501 Sq. Mtr. to 1000 Sq. Mtr. | Front Set Back | 5 |
| | | Right Set Back | 2 |
| | | Left Set Back | 2 |
| | | Rear Set Back | 3 |
| | | Floor Area Ratio (FAR) | 2 |
| 3 | 1001Sq. Mtr to 5000 Sq. Mtr. | Front Set Back | 10 |
| | | Right Set Back | 5 |
| | | Left Set Back | 5 |
| | | Rear Set Back | 5 |
| | | Floor Area Ratio (FAR) | 1.5 |
| 4 | 5001Sq. Mtr. to 10,000 Sq. Mtr. | Front Set Back | 15 |
| | | Right Set Back | 7.5 |
| | | Left Set Back | 7.5 |
| | | Rear Set Back | 7.5 |
| | | Floor Area Ratio (FAR) | 1.25 |
| 5 | Above 10,001 Sq. Mtr. | Front Set Back | 15 |
| | | Right Set Back | 7.5 |
| | | Left Set Back | 7.5 |
| | | Rear Set Back | 7.5 |
| | | Floor Area Ratio (FAR) | 1 |

- 1 There is no upper limit for height of structure of Industrial use and flexible as per the requirement of Industrial Enterprise. However the total floor area should be within the prescribed FAR.
- 2 Right of Way should not be less than 5 Mtr. for plot having area upto 1,000 Sq. Mtr and in case of plots having area more than 1000 Sq. Mtrs., the Right of Way should not be less than 10 Mtr.
- 3 Parking Floor up to 15 feet height (4.50 Mtr.) at is allowed and such parking floor would not be counted in permissible FAR.
- 4 Basement / Cellar exclusively for industries set up on plot size exceeding 1,000 Sq. Mtr. for captive use is allowed. In such cases basement would not be counted in permissible FAR.
- 5 In case of plots having area of 5,001 Sq. Mtr. & above regulations of minimum Set Backs would be of mandatory. In other category of plots regulation of minimum Front Set Back would be mandatory and rest of the SBs are flexible as per functional requirements of the industrial enterprise(s). This flexibility in SB's is subject to condition that the average area under SB's should be minimal area which was to be kept under a particular SB in case flexibility was not provided.
- 6 The Security Room / Driver's Rest Room up to floor area of 25 Sq. Mtr. would not be counted in permissible FAR.
- 7 MSME Enterprises after obtaining the title of land and applying for development permission may start physical implementation of project without waiting for statutory approvals under H. P. Town & Country Planning Act-1979 in accordance to the provisions of self certification as stated in para 7(ii)(xii) of this policy.

15. Concessional rate of Electricity Duty:

Eligible industrial enterprises would be charged a concessional rate of electricity duty as per the table given below:

| Sr. No. | Category of power supply | Concessional rate of electricity duty |
|----------------|---|---|
| 1. | Extra High Tension (EHT) category consumers (supply voltage exceeding 33 KVA) | 7% for five years and thereafter as per applicable prevailing rate. |

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| 2 | Large Industrial Consumers (with connected demand above 100 KW and supply voltage not exceeding 33 KVA) | 5% for five years and thereafter as per applicable prevailing rate |
| 3 | Medium Industrial Consumer (with connected demand between 51 to 100 KVA) | 3% for five years and thereafter as per applicable prevailing rate |
| 4 | Small Industries Consumers (with connected demand upto 50 KVA) | 1% for five years and thereafter as per applicable prevailing rate |
| 5 | All Industrial consumers including EHT category consumers which employ more than 300 Himachlies | 1% for five years and thereafter ED rate would be as per rates applicable under respective category |
| 6 | Exemption from payment of electricity duty on power generated for captive / standby generation through DG Set(s) up to 31-03-2023. | |

16 Concessional rate of electricity charges: (excluding any surcharge, peak load exemption charge, winter charge, fuel adjustment charge, service charge, GST or any other charge under any name in the Tariff Schedule):-

- a) Eligible enterprises would be charged energy charges 15% lower than the approved energy charges for the respective category for a period of 3 years.
- b) Existing industrial consumers, a rebate of 15% on energy charges shall be applicable for additional power consumption beyond the level of preceding financial year.

Incentives of concessional rate of electricity charges would be notified in the Schedule of Tariff for Himachal Pradesh on year to year basis by the H.P. State Electricity Board and it would not be binding upon the State Government during the applicability of this Policy.

17 Incentive, concessions and facilities for creation and up gradation of Industrial Infrastructure by private investors

The Government through this policy aims to encourage private sector investment in creation and up gradation of industrial & social infrastructure. Greenfield and sector specific Theme Parks would be promoted across the State by facilitating the promoter / developer for obtaining the requisite clearances, licenses and approvals. The Government would facilitate availability of industrial infrastructure

such as accessibility, power, water, etc. up to site of such private sector approved projects and provide following incentives:-

- a) Private sector investment for creation & up gradation of common Industrial and Social Infrastructure such as setting up of common effluent treatment plant, working men and women hostels, schools, testing centres, diagnostics labs and R&D centres for health care, tool rooms, recreational facilities or any other common industrial / social infrastructure development activity duly approved by the government would be facilitated and encouraged. Such infrastructure projects if set up by promoters of existing enterprises, which have chosen Himachal Pradesh as investment destination would also be admissible to avail incentives, concessions and facilities on such project proposals as being provided to MSME Sector under this policy.
- b) Undeveloped Government land available with department can be considered for the allotment to private investor(s) on lease hold basis for the development of Industrial /Theme parks in the private sector.
- c) Industrial Parks set up on the land identified and purchased by promoter/ developer itself or allotted by the state Government would be entitled for Capital Infrastructure Subsidy of the cost incurred for the development of common industrial infrastructure & utilities @ 25%, 40% & 50% subject to maximum of Rs.15 Crore, Rs.20 Crore & Rs.25 Crore in Category A, B & C areas respectively.
- d) Sector Specific / Theme Parks in Agro, Herbal, Knowledge, Food, IT, ITeS and Electronics System Development and Maintenance, Pharma, Textile Park or any other sector set up on the land identified and purchased by promoter/ developer or provided by the Government would be provided Capital Infrastructure Subsidy of the cost incurred for the development of common industrial infrastructure & utilities. Such Parks setup without any assistance of Government of India would be provided Capital Infrastructure Subsidy @ 40% subject to maximum of Rs.10 Crore, Rs.15 Crore & Rs.20 Crore for parks set up in Category A, B & C areas respectively.

18 Incentives for Handloom and Handicrafts

This policy aims for inclusive growth of Handloom & Handicraft sectors in the State, including welfare of artisans. The State Government is adopting a

proactive role in implementation of the schemes of Ministry of Textiles, Government of India for this sector through the District Industries Centers, HP State Handloom and Handicraft Corporation and enterprises / societies actively engaged in these activities.

Focus areas for Handloom & Handicrafts Sectors is empowerment of artisans through:-

- technological up-gradation,
- brand building,
- quality certification,
- easy access to quality raw material at reasonable rates,
- market orientation through designers and institutes of repute
- and market support to meet the challenges of changing domestic and global markets.

Enterprises engaged in Handloom and Handicraft activities would be eligible for incentives, concessions, and facilities as proposed for MSMEs. In addition following incentives are proposed for this sector:-

- A. All enterprises (existing as well as new) registered / acknowledged / taken on record by the Department of Industries and procuring yarn for in house consumption under through National Handloom Development Corporation (NHDC) under Mill Gate Price Scheme of Ministry of Textiles, Government of India would be reimbursed 10% of the actual cost paid to NHDC on quarterly basis.
- B. **Reimbursement of Cost incurred for obtaining certification:** All enterprises would be reimbursed cost incurred for obtaining / registration under GI Act as well as cost of labels for branding their products like GI – Marks, Wool Marks, Handloom Marks, and India Handloom Brand.
- C. **Market support for online sale of Handicraft and Handloom products:** All enterprises would be reimbursed 50% of commission paid to online sale companies / portals subject to maximum of Rs.1 lakh per annum per enterprise. Enterprises selling products online through its own website / portal would be reimbursed 60% of logistic cost / transportation cost paid to such service providers, subject to a maximum of Rs.2 lakhs per enterprise per annum.

D. Reimbursement of rent of space hired for marketing in fairs and festivals: All enterprises in Handloom and Handicraft sector would be reimbursed 60% of the rent paid by the enterprise for hiring exhibition / sale space in the fair and festivals organized by any organization / agency of the Government of India / State Government / other State Governments / UT administrations, subject to maximum of Rs.10,000/- of rent paid for exhibition / sale space within the State and Rs.15,000/- of rent paid for exhibition / sale space outside the State per fair, subject to condition that such organisation/agencies has not been provided space for exhibition on subsidised rate.

E. Assistance for the setting up State of the Art design development-cum-exhibition centres

The fashion technology institutes of repute, Handicrafts and Handloom co-operatives, H P State Handicrafts & Handloom Corporation or any other organization of Govt. of India engaged in the promotion of Handicrafts and Handloom would be facilitated and assisted for the setting up of such centres in the state. The objective for assisting State of the Art design development-cum- exhibition centres is to provide ready to use modern, contemporary and traditional designs to artisans/ weavers.

The Department of Industries may assist such project(s) with the grant of Rs.2 Crore Or 75 % of capital cost of project whichever is lower. In addition, 75% of recurring expenditure or Rs. 20 lakh per annum, whichever is lower would be provided for the running of such centres for a period of 5 years.

ANNEXURE-I- Categorization of the State for Disbursement of Incentives

| S. No. | District | Category "A" Areas (excludes Backward Panchayats) | Category 'B' Areas (Entire area under the following Development Blocks including left out areas of the Development Blocks indicated under Category 'A' Areas and excludes any Backward Panchayat) | Category 'C' Area (Includes all Tribal Areas, Development Blocks mentioned under this category and includes all Backward Panchayats located in 'A' and 'B' Category Areas) |
|--------|----------------|--|---|--|
| 1 | Bilaspur | | Bilaspur Sadar, Ghumarwin, Jhandutta | |
| 2 | Chamba | | Bhattiyat, Chamba | Bharmaur, Pangji, Tissa, Salooni, Mehla |
| 3 | Hamirpur | | Hamirpur, Bijhari, Nadaun, Bhoranj, Sujanpur-Tihra, Bamsan | |
| 4 | Kangra | | Kangra, Rait, Nagrota Bagwan, Panchrukhi, Fatehpur, Lamba Gaon, Baijnath, Nagrota Surian, Dehra, Bhawarna, Paragpur, Indora, Nurpur, Sulah, Dharamshala | |
| 5 | Kinnaur | | | Kalpa, Pooh, Nichar |
| 6 | Kullu | | Kullu, Naggar-Katrain | Anni, Nirmand, Banjar |
| 7 | Lahaul & Spiti | | | Lahaul (Keylong), Spiti (Kaza) |
| 8 | Mandi | | Mandi Sadar, Sundernagar, Balh, Gopalpur, Darang, Chauntra, Dharampur | Seraj, Karsog, Gohar |
| 9 | Shimla | | Theog, Mashobra, Jubbal, Narkanda, Basantpur | Rohru, Chhohara, Chopal, Rampur, Nankhar |
| 10 | Sirmaur | 1) All areas included in Kanungo circles of Majra and Paonta Sahib including Industrial Area Paonta Sahib in | Rajgarh, All Left out Areas (i.e excluding Areas indicated in Category 'A' list) of Paonta Sahib, and Nahan Development Blocks | Pacchad, Sangrah Shillai, |

| | | | | |
|----|-------|--|-----------------------------------|--|
| | | Paonta Sahib Development Block 2) All areas included in Kanungo circles of Nahan including Industrial Area Kala Amb in Nahan Development Block | | |
| 11 | Solan | 1) All Areas included in kanungo circles of Kasauli including Industrial Area Parwanoo in Dharampur Development Block 2) All Areas included in kanungo circles of Nalagarh and Doon, including Industrial Area/s Baddi, Barotiwala, EPIP etc. in Nalagarh Block | Kandaghat, Kunihar, Solan | |
| 12 | Una | | Amb, Gagret, Dhundla, Una, Haroli | |

ANNEXURE II: List of Specified Category of Service Activities

1. Information Technology / Information Technology Enabled Services, BPO
2. Warehouse
3. Marketing Yard for Fruits & Vegetables Products
4. Reefer Vehicle
5. Instant Quick Freezing and Irradiation Facilities
6. Ripening Chambers
7. Cold Chain Facility
8. Equipment / Vehicle Maintenance, Repair and Overhaul (MRO)
9. Equipment Rental and Leasing
10. Industrial R&D Labs, Industrial Testing Lab
11. Laboratories Engaged in Testing of Raw Materials, Finished Products
12. Weigh Bridge
13. Designs studio
14. Battery Charging Stations for Electric Vehicles
15. Packaging activities
16. Laundry Services
17. Desktop Publishing
18. Research and Development / Industrial Testing Facilities
19. Photographic Lab
20. EDP Institute Established by Voluntary Associations / NGO's
21. Event Management and Audio Visual Services

ANNEXURE III: Negative List of Industries

1. Tobacco and Tobacco Products including Cigarettes and Pan Masala
2. Thermal Power Plant (Coal / Oil based)
3. Coal Washeries / Dry Coal Processing
4. Tanning and Dyeing extracts, tannins and their derivatives, Dyes, Colours, Paints and Varnishes, Putty, Fillers and other Mastics, Inks
5. Foundries using Coal
6. Minerals Fuels, Mineral Oils and products of their Distillation; Bituminous Substances, Mineral Waxes
7. Cement Clinker and Asbestos Raw including Fibre.
8. Explosive (including Industrial explosives, detonators & fuses, Fireworks, Matches, Propellant Powders etc.)
9. Mineral or Chemical Fertilizers
10. Insecticides, Fungicides, Herbicides & Pesticides (basic Manufacture and Formulation)
11. Manufacture of Pulp-Wood Pulp, Mechanical or Chemical (including Dissolving Pulp)
12. Production of Firewood and Charcoal.