

**Gujarat Aerospace and Defence (A&D)
incentive scheme for Aerospace and
Defence Enterprises**

Government of Gujarat
Industries & Mines Department
Resolution No. ADP-102015-69673-I
Sachivalaya, Gandhinagar
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Read: Defence Manufacturing Policy 2016

Preamble

India has the third largest armed forces and the eighth highest defence expenditure in the world. With 70% of the defence capital expenditure spent on imports, India is the largest importer of defence equipment in the world. Government of India has increased the Foreign Direct Investment (FDI) limit for the Defence sector to 49%; and even higher for foreign investors bringing state of the art technology into the country. The licensing requirement for manufacturing defence products has been relaxed, which makes it easier for private sector to enter into the aerospace and defence (A&D) supply chain. A large volume of military hardware is expected to be procured by Government of India over the next decade and, with ample supply of engineers, scientists and competitive skilled workforce, Indian companies can play a key role across the A&D manufacturing value chain - research, design, development, manufacturing, maintenance, quality control and training. Moreover, defence offset opportunities can be availed in the coming years.

Government of India's priority is to indigenize the A&D industry, attract global players to manufacture in India, and lower the dependence on imports in the sector. The A&D sector also benefits the states in that it has the potential to create large employment opportunities, especially for the skilled youth, and can bring in advanced technology which can also benefit other industrial sectors in the state.

Gujarat is one of the leading industrialized states in the country. It accounts for 5% of the country's population but contributes over 19% of its industrial output. The entrepreneurial spirit of its people is complemented with strong support of

the state government. Gujarat has the longest coastline in the country, and also has large tracts of land parcels that can be earmarked for the A&D sector. The state has a strong base in engineering, textile, including technical textiles, chemicals and petrochemicals including downstream products, power generation, maritime sector and has made impressive strides to carve out a niche for itself in the field of automotive and ancillaries. The state has also been at the forefront of providing excellent support infrastructure to the investors. The state is well poised to take advantage of the new investments likely to come in A&D in India. With suitable pro-active and business-friendly policy measures, Gujarat can attract not only the major global A&D companies, but can also provide immense opportunities to the SME sector.

To invite more Investment in A& D sector while amending the Land Acquisition, Rehabilitation and Resettlement (Gujarat Amendment) Act, 2016, the provision for Right to Fair Compensation and Transparency in land acquisition for the projects vital to national security or Defence of India and every part thereof, including preparation for Defence or Defence production have been exempted from the process of obtaining consent from the affected area/affected family, carried out along with the social impact assessment as per the provisions of Chapter II and Chapter III of the said Act.

Make in India is a prestigious program of the Government of India. A&D is amongst the identified sectors under the Make in India program. The Industrial Policy 2015 of the Government of Gujarat envisages a focused approach on Make in India program as the state's strategy for achieving growth. The Industrial Policy 2015 also provides for encouraging vocational training in emerging sectors including A&D. Thus, making special efforts to attract investments and technology in A&D and, thereby develop this emerging sector in the state, is in sync with the state's Industrial Policy 2015.

Vision and Objectives

The vision of the government is to 'establish Gujarat as a hub for indigenous aerospace & defence manufacturing, develop globally competitive talent in the sector, promote investment in R&D to drive globally recognized innovation in product design and manufacturing, and support enabling institutions in the A&D manufacturing ecosystem'.



The objectives of coming out with an incentive scheme for A&D sector are to:

- Attract 10 % by value of orders of the defence sector in India over the next 10 years
- Attract five mega A&D enterprises to the state in the next 5 years
- Develop the A&D ecosystem in the state
- Develop skilled manpower and innovation in the A&D sector across the research, design, development and manufacturing value chain.
- Create 20,000 direct/indirect jobs in the A&D sector over the next 10 years.

Focus Sectors

The focus sectors identified in the A&D eco-system are as below:

- Artillery
- Automotive
- Ship building
- Defence Engineering
- Defence Electronics
- Small arms and ammunition
- Defence-tech textiles
- Logistics
- Casting and forging products
- Maintenance, Repair and Overhaul (MRO)
- Ancillary Cluster Development
- Testing Ranges
- Research & Development

In order to attract investments in the emerging A&D sector and to encourage domestic and global companies to set up manufacturing, R&D, maintenance, training and other related facilities in the state in this sector, the issue of coming out with a suitable incentive scheme was under consideration. The government is pleased to announce this comprehensive A&D incentive scheme.



Resolution:-

Government of Gujarat is pleased to introduce an incentive scheme for Aerospace and Defence Enterprises, which shall come into force from the date of issue of this resolution and will remain in force till 31st December 2025.

1. Definitions

1.1 Aerospace and Defence products

For determining whether a product / technology is in the category of aerospace and/or defence, the provision/definition contained in any policy, scheme or any other related document of Government of India shall be referred.

1.2 Tiers of Suppliers

- 1) Tier-1 supplier is one who manufactures and supplies sub-assemblies and allied A&D items / components / equipment / parts / accessories to OEMs.
- 2) Tier-2 supplier is one who manufactures and supplies to sub-assemblies and allied A&D items / components / equipment / parts / accessories to Tier 1 supplier.
- 3) Tier-3 supplier is one who one who manufactures and supplies basic components or parts, such as casting, forging, special steels, technical fabrics, electronic items, or such others to the A&D supply chain.

1.3 Mega A&D Enterprise

A Mega A&D Enterprise is one that fulfils each of the following conditions:

- 1) Is a global/Indian Original Equipment Manufacturer (OEM), i.e. a company which designs and manufactures the A&D platform and makes investment of ₹500 crore or above in the project; and
- 2) Has on hand A&D orders of ₹ 50 crore or above at the time of commencement of production. For this purpose, the definition of an A&D order is a contract with the Ministry of Defence or the Ministry of Home Affairs in Government of India or their equivalent in a foreign country.



- 3) Tier-1 supplier will qualify as a Mega A&D enterprise if at least 50% of its turnover from manufacturing is by being a supplier to Mega or Large A&D Enterprise or to Tier-1 supplier in the A&D value chain, and it makes an investment of ₹100 crore or above in the project.

1.4 Large A&D Enterprise

- 1) A Large A&D Enterprise is one that makes investment lower than the minimum investment prescribed for a Mega A&D Enterprise under this scheme but above that prescribed for a medium enterprise under the MSME Development Act, 2006 of Government of India.
- 2) Tier-1 or Tier-2 supplier will qualify as Large A&D enterprise if at least 50% of its turnover from manufacturing is by being a supplier to Mega or Large A&D Enterprise or to Tier-1 or Tier-2 supplier in the A&D value chain, and it also makes an investment above that prescribed for a medium enterprise under the MSME Development Act, 2006 of Government of India.

1.5 A&D Micro, Small and Medium Enterprises (MSME)

- 1) A micro, small or medium enterprise shall be one which satisfies the conditions of Micro, Small and Medium Enterprises under the MSME Development Act, 2006 of Government of India, and has acknowledgement of Entrepreneurs' Memorandum or Udyog Aadhaar (UA) filed with the competent authority.
- 2) A micro, small or medium enterprise shall qualify as an A&D supplier if at least 50% of its turnover from manufacturing is by supplying to a Mega or Large A&D Enterprise or to a Tier-1 or Tier-2 supplier in the A&D value chain, and it also makes the minimum investment prescribed for a micro, small or medium enterprise, as the case may be, under the MSME Development Act, 2006 of Government of India.

1.6 New A&D Enterprise

A new A&D enterprise is one that is registered with the Industries Commissioner, Government of Gujarat during the operative period of

this scheme and commences commercial production during the operative period of the scheme, provided it fulfils the following conditions:

- 1) It obtains a separate Industrial License, if applicable, or acknowledgement of Industrial Entrepreneurs Memorandum (IEM) or Entrepreneurs Memorandum or Udyog Aadhaar, as may be applicable, filed with the competent authority.
- 2) It has separately identifiable fixed capital investment and should not be an expansion of the existing project. However, a new project will not be ineligible on the ground that it shares the utilities of an existing enterprise, such as for water, electricity, steam, effluent treatment or disposal.

1.7 Existing Enterprise

An 'Existing Enterprise' is one that has commenced commercial production before the coming into force of the Industrial Policy 2015 of the Government of Gujarat (i.e. 1/1/2015).

1.8 Expansion

Expansion means an existing or new enterprise that has utilized at least 60% of its installed capacity in at least one of the two financial years preceding the financial year in which it is carrying out expansion, and carries out expansion with an investment of more than 50% of its existing gross fixed capital investment (out of which at least 60% of the investment made for expansion should be in plant and machinery) on the date of initiating expansion, and also increases the installed capacity of the existing products by at least 50%, and commences production of the said expansion during the operative period of this scheme.

1.9 Diversification

Diversification means separately identifiable investment made by an existing or new A&D enterprise in the gross fixed capital to set up a project for manufacturing of new products. The additional investment

in the gross fixed capital should be more than 25% of the gross fixed capital investment on the date of initiation of the diversification.

1.10 Fixed Capital Investment

1.10.1 Gross Fixed Capital Investment

- 1) The Gross Fixed capital investment means the investment made in land, building, plant and machinery, tools and equipment, and other assets required to manufacture the end product. The gross fixed capital investment shall be considered to decide the category of the project.
- 2) Assets acquired and paid for after coming into force of the Industrial Policy 2015 of the Government of Gujarat (i.e. 1/1/2015), shall be considered eligible in determining the gross fixed capital investments.

1.10.2 Eligible Fixed Capital Investment

Eligible Fixed Capital Investment means the acquisition of and payment made for the following fixed assets after coming into force of the Industrial Policy 2015 of the Government of Gujarat (i.e. 1/1/2015):

A. Land

Land purchased after coming into force of the Industrial Policy 2015 of the Government of Gujarat (i.e. 1/1/2015), shall be eligible for inclusion in the computation of eligible fixed capital investment by excluding the stamp duty and registration charges paid for on purchase of land. The actual purchase price of the land or the cost calculated as per the prevailing Jantri rate, whichever is lower, shall be considered as the cost of land for the project.

The cost of filling and/or development of inter-tidal land/mud flats, to the extent required to make it suitable for use for the A&D sector, shall be eligible as fixed capital investment subject to separate guidelines issued by the government in this regard.

B. Building

Building means a building constructed or acquired for the project, including for administrative purpose. Cost of the building for housing plant and machinery, R&D activity or indoor testing facility shall be considered as per the actual cost incurred. The cost of other buildings shall be calculated as per the actual cost or the Schedule of Rates (SOR) of the R&B department of the State Government, whichever is lower.

C. Other construction

Other construction means construction such as compound wall and gates, security cabins, internal roads, well or bore well, water tank, internal pipeline network, construction for product testing facilities and other related construction.

D. Plant and Machinery

Plant and machinery means new Plant and machinery, imported second hand plant and machinery, utilities, dyes and moulds, including the cost of transportation, foundation, erection, installation and electrification capitalized under the head of plant and machinery. The electrification cost includes the cost of sub-station and transformer installed by the enterprise.

Plant and machinery would include:

- 1) Capital expenditure on non-conventional energy
- 2) Vehicles and material handling equipment exclusively used in transporting goods within the factory premises
- 3) Plant for captive power generation/co-generation
- 4) Plant for desalination of sea water or purification of water
- 5) Capital expenditure on pollution control measures, including facility for collection, treatment, disposal of effluent and solid/ hazardous waste
- 6) Diesel Generating sets of capacity not more than 50% of the connected electric load or 25 MW, whichever is less
- 7) Capitalized expenditure incurred for development of design, prototype, and tryout parts of product

E. Technology, Design, Patent

The cost incurred in acquiring technology or design, limited to 10% of the project cost.

1.10.3 Ineligible Capital Expenditure

The following expenditure shall not be considered for calculating the eligible fixed capital expenditure:

- 1) Working capital
- 2) Goodwill
- 3) Royalty
- 4) Preliminary and pre-operative expenses
- 5) Indigenous second hand plant and machinery
- 6) Interest capitalized
- 7) Power generation, except for captive use

1.11 Operative Period of the Scheme:

The operative period of the scheme shall be the date of issue of the resolution till 31st December 2025.

2. Applicability:

This scheme shall be applicable to a new A&D enterprise, or an existing A&D enterprise that undertakes expansion or diversification and which commences commercial production during the operative period of the scheme.

3. Time period for consideration of eligible investment:

In order to be eligible for incentives or subsidy under this scheme, the A&D enterprise shall have to commence the commercial production within the operative period of the scheme. However, the assets acquired and paid for after the coming into force of the Industrial Policy 2015 of the Government of Gujarat (i.e. 1/1/2015), or during the time period specified below, whichever is later, shall be considered for determining the gross fixed capital investments.

1.	Mega A & D enterprise	36 Months from the DOCP
2.	Large A & D enterprise	24 months from the DOCP
3.	MSMEs	12 months from the DOCP

DOCP: Date of Commencement of Production

4. Fiscal Incentives

4.1. Land

- 1) A&D enterprises usually cluster around a central mega / large A&D enterprise. Tier 1, 2 and 3 suppliers establish there and support the eco-system being created. Hence, it is important to have a cluster of vendors at one place. Land parcels would be identified and earmarked for the A&D sector.
- 2) Mega/Large A&D enterprises, with investment of over ₹ 200 crore and having potential for cluster formation, would be given preference in allotment of government land or land in GIDC estates. The government would facilitate the acquisition of private land as per law.
- 3) Government land would be provided at 50% of Jantri rate wherever such land is available.
 - 4) For permissible construction activities such as jetties, shipbuilding, ship repair, ship breaking and related activities for A&D sector, Inter-tidal land will be provided in following manner.
 - a) Inter-tidal land falling under jurisdiction of Gujarat Maritime Board (GMB), would be provided to the Industrial unit as per the prevailing GMB Guidelines/regulations/rules with the ownership of the land being with the Government/GMB
 - 5) b) Any other Inter-tidal land would be provided at 25% of the Jantri rate of adjoining revenue land. For leasing of government land, other terms and conditions would be determined by the competent authority on a case to case basis. Land can be sub-leased by Mega/

Large A&D enterprises, but not at a rate higher than the rate at which it has been leased to the original enterprise by Government.

- 6) 100% reimbursement of stamp duty and registration charges paid for on purchase of land.
- 7) The A&D enterprise would have to give a detailed project plan before allotment of land. It will have to commence production within 5 years from the date of allotment of land in case of Mega and Large A&D enterprise, or within 3 years in case of A&D MSME, or the within the operative period of the scheme, whichever is earlier.
- 8) To promote defence manufacturing cluster close to OEM to manufacturer in the state, the government land parcels will be identified and provided at Jantri Rate to the developer of A&D ancillary cluster.
- 9) The government will support to promote A& D testing ranges/sites in the state for testing of A&D products in PPP Model.

4.2. Capital Investment Cash Subsidy to A&D MSME

4.2.1 MSME will be eligible for Capital Investment Cash subsidy on its eligible fixed capital investment as defined under this resolution. The rate of Cash subsidy will be as under and will be available only after commencement of commercial production.

Category of unit	Rate of Cash Subsidy	Ceiling
Micro unit	25% of eligible fixed capital investment	Rs. 12.5 lakhs one time during the operative period of the scheme
Small unit	25% of eligible fixed capital investment	Rs. 1.25 Cr. one time during the operative period of the scheme
Medium unit	25% of eligible fixed capital investment	Rs. 2.5 Cr. one time during the operative period of the scheme

4.2.2 Conditions for Capital Investment Subsidy:-

- a. Enterprise shall have to apply to concerned DIC either within one year from the date of first disbursement of loan or from the date of commencement of commercial production whichever is later.
- b. Capital Investment subsidy will be paid only after commencement of commercial production of the enterprise.
- c. The enterprise will not be eligible for capital investment subsidy under this scheme if, it submits the application after one year from the date of commencement of commercial production.
- d. Total quantum of capital subsidy (State + Central) in any case shall not exceed the total loan amount disbursed by Bank/ Financial institution.

4.3 Interest Subsidy

Graded interest subsidy would be provided at the rates specified below:

No.	Type of Enterprise	Interest Subsidy	Duration
1.	Mega A&D	<ol style="list-style-type: none">1. ECB –maximum of 2% or 50% of the interest rate at which the loan is availed per annum whichever is lower.2. Domestic borrowing - 5% or 50% of the rate of interest at which the loan is availed, per annum whichever is lower.3. The total interest subsidy amount on ECB plus Domestic borrowing shall be maximum ₹10 crore per annum.	5 years



2.	Large A&D	<p>1. ECB – maximum of 2% or 50% of the interest rate at which the loan is availed per annum whichever is lower.</p> <p>2. Domestic borrowing - 5% or 50% of rate of interest at which the loan is availed, per annum whichever is lower.</p> <p>The total interest subsidy amount on ECB plus Domestic borrowing shall be maximum ₹5 crore per annum</p>	5 years
3.	MSME	<p>1. ECB – maximum of 2% or 50% of the interest rate at which the loan is availed per annum whichever is lower.</p> <p>2. Domestic borrowing - 7% or 50 % of rate of interest at which the loan is availed per annum whichever is lower.</p> <p>The total interest subsidy amount on ECB plus domestic borrowing shall be maximum ₹1 crore per annum</p>	5 years

ECB: External Commercial Borrowing

4.3.1 Conditions for Interest Subsidy:-

- a. Enterprise shall have to apply to concerned DIC either within one year from the date of first disbursement of loan or on the date of commencement of commercial production whichever is later.
- b. Enterprise shall opt for date of eligibility of interest subsidy either from the date of first disbursement of loan or from the date of commencement of commercial production.



- c. Late submission of application will be considered subject to deduction of late submission period after commercial production and deduction of proportionate amount of interest subsidy from maximum ceiling.
- d. Reimbursement of interest subsidy will be made only after commencement of commercial production of the enterprise.
- e. The enterprise will not be eligible for interest subsidy under this scheme if, term loan is sanctioned after one year from the date of commencement of commercial production.
- f. If the enterprise becomes defaulter in payment of interest or instalment of term loan to Bank/Financial institution as per guidelines of RBI, such default period will be deducted from the period of five years.
- g. Interest subsidy will not available for penal interest or any other bank charges.
- h. Total quantum of interest subsidy (State + Central) in any case shall not exceed the total interest paid to Bank/ Financial institution
- i. Enterprise will have to remain in production for 5 years from the date of commercial production

4.4 Reimbursement of Value Added Tax (VAT) and Central Sales Tax (CST)

4.4.1

- 1) An A&D enterprise would be allowed reimbursement of VAT and CST to the extent of 90% of the eligible Fixed Capital Investment made by it in the project.
- 2) Subject to the financial limit arrived at in para 1) above, the enterprise shall be allowed reimbursement to the extent of 100% of the net VAT paid and/or the CST paid, in accordance with the procedure prescribed under the Gujarat Value Added Tax Act 2003.
- 3) An enterprise eligible for VAT/CST incentive shall be considered as a normal dealer under the Gujarat Value Added Tax Act, 2003 and the



rules made thereunder. The incentive shall be given in the form of reimbursement only. The reimbursement shall be available to the eligible enterprise in the following manner:

- a. the enterprise will pay net tax, i.e. the enterprise would adjust tax credit on the purchases against output tax on sales;
 - b. the amount equivalent to the gross output tax (excluding additional tax) collected on local sales and CST on the inter-state sales shall be reimbursed to the enterprise;
 - c. there will be reduction under section 11(6) of the VAT Act, 2003 in case of inter-state sales. An amount equivalent to such reduction will be reimbursed to the enterprise.
- 4) The amount eligible for reimbursement can be availed within the period of 10 years from the date of commencement of production for all Mega, Large and MSME enterprise:
- 5) The annual reimbursement of VAT shall be limited to the total amount eligible for reimbursement divided by 10 to avail the reimbursement as specified in paragraph 2.3.4) above. Any unavailed tax incentive during a year, as a result of this condition, can be availed in the following years, but within five years after the completion of the period specified for availment of the incentive.
- 6) The following shall be considered for availment out of the approved incentive limit:
- a. Reimbursement of the tax amount levied on the goods sold outside the state;
 - b. Reimbursement of the tax amount levied on the goods sold within the state;
 - c. Reimbursement of the tax credit reversal under section 11(6) of the VAT Act, 2003;
 - d. The enterprise shall be reimbursed up to the extent of tax actually realized in the government treasury with regard to (a), (b) and (c) above on the sale of the specified goods.

- e. The enterprise shall have to give an undertaking that the goods sold to Gujarat dealers would be further resold to customers within Gujarat as local sale only, and there would be no interstate sale of the goods by Gujarat dealers without value addition. If a Gujarat dealer seeks differential adjustment of tax credit by selling goods to customers outside Gujarat, the amount of such differential adjustment shall be reduced from the amount of reimbursement to be allowed to the enterprise.
- 7) Additional tax, if levied by the state government, will not be eligible for reimbursement.
- 8) Incentive to multiple enterprises in a single supply chain (downstream or upstream units/trades) will not be allowed, i.e. if a supply has been considered for tax incentive for an enterprise, then the same supply should not lead to incentive for an upstream or downstream unit.

4.4.2. Tax incentive under GST regime

- (i) Incentive relating to GST would be examined after the introduction of Goods and Service Tax regime in the State/Country.

4.5 Incentive in Power Tariff and Electricity Duty

- 1). An A&D enterprise shall be given 100% exemption on Electricity Duty for the first 5 years from the date of commencement of commercial production.,

Existing enterprises undertaking expansion or diversification shall be entitled to exemption or reimbursement only for the additional electricity consumed.

- 2) An A&D enterprise that purchases power from a state owned Distribution Company shall be given subsidy on Power Tariff of ₹ 1

per unit in the billed amount for a period of 5 years from the date of commencement of production on the quantity of power purchased from the state owned Distribution Company.

It is clarified that an enterprise generating power from its captive power plant or purchasing electricity via open access will not be eligible for this subsidy.

4.6 Assistance for Skill Development

1). The state government shall reimburse the expense incurred by the enterprise for training of its employees, in India or abroad, for the first 5 years, subject to the following conditions: A. for Mega A&D enterprise, 50% of the cost of training, up to a maximum of 1 lakh per employee per annum subject to 25 employees per industrial unit per annum with the ration of 80% technical staff trainings and 20% for techno-managerial staff trainings. b. for Large A&D enterprise, 50% of the cost of training, up to a maximum of ₹ 1 lakh per employee per annum subject to 20 employees per industrial unit per annum with the ration of 80% technical staff trainings and 20% for techno-managerial staff trainings., c. for MSMEs, 75% of the cost of training, up to a maximum of ₹10,000 per employee per annum in house subject to 10 employees per industrial unit per annum with the ration of 80% technical staff trainings and 20% for techno-managerial staff trainings. d. The training period shall not be more than one year.

a. Only trainees domiciled in Gujarat would be eligible for this incentive.

2). An enterprise shall be eligible for this assistance for manpower trained for a period starting one year prior to the date of commencement of production. However, the assistance shall be disbursed only after the commencement of commercial production.



4.7 Assistance for R&D Centres

To encourage research and development in the A&D sector in the state, 50% capital subsidy, limited to 5 crores, shall be provided to an A&D enterprise or organization in setting up a R&D Centre in the state. For the purpose, capital investment shall be considered as defined in paragraph 1.10.1.

4.8 Equity Support

- 1) The State Government may participate in the equity share capital of a Mega or Large A&D enterprise directly or through a State PSU. Such participation shall be decided by the government/CCCIPM as referred at para 7 of this resolution on a case-to-case basis and would depend on the merits of each case.
- 2) In cases where the government decides to make equity investment, it shall enter into an agreement with the promoters of the enterprise specifying the terms and conditions for the equity participation.

5. Other Support

- 1) Centres of Excellence would be set-up in the State Universities in focus sectors of A&D.
- 2) The State Government shall endeavor to work with the Government of India to set-up a campus of a national level university or institution in the A&D sector in the state.
- 3) The State Government shall work with A&D Sector Skill Council, setup by the National Skill Development Corporation, for skill development.
- 4) The single window facilitation cell of the state government would offer market facilitation and market access services to A&D MSMEs, in the nature of:
 - a. Identification of new markets
 - b. Facilitation of interaction between MSMEs and representatives of identified markets

- c. Assistance in obtaining seed funding and working capital loans
- d. Assistance in obtaining quality certification
- e. Assist MSMEs in registering patents and copyrights

6. Sanctioning Authorities

The authorities empowered to register an A&D enterprise and sanction incentive/assistance under this scheme shall be as under:

6.1 For Mega A&D Enterprises

1.	Chief Secretary	Chairperson
2.	Additional Chief Secretary, Finance Department	Member
3.	Additional Chief Secretary, Home Department	Member
4.	Additional Chief Secretary, Industries & Mines Department	Member
5.	ACS/PS , Ports & Transport Department	Member
6.	ACS/PS, Environment & Forest Department	Member
7.	ACS/PS Revenue Department	Member
8.	Principal Secretary, Civil Aviation	Member
9.	Secretary, Science & Technology Dept.	Member
10.	Industries Commissioner	Member Secretary

6.2 For Large A&D Enterprises

1.	Additional Chief Secretary, Industries & Mines Department	Chairperson
2.	ACS/PS, Revenue Department	Member
3.	Principal Secretary, Civil Aviation	Member
4.	Secretary (Expenditure), Finance Department	Member
5.	Secretary, Home department	Member
6.	Commissioner of Commercial Taxes	Member
7.	CEO, Gujarat Maritime Board	Member
8.	VC & MD, GIDC	Member
9.	Industries Commissioner	Member
10.	President, Gujarat Chamber of Commerce	Member
11.	Additional/ Joint Commissioner of Industries	Member Secretary

6.3 For MSMEs

1.	Industries Commissioner	Chairperson
2.	Special/Additional Commissioner, Commercial Taxes	Member
3.	Joint/Deputy Secretary (Incentive), I&MD	Member
4.	Joint/Deputy Secretary, Home Department	Member
5.	Executive Director, GIDC	Member
6.	Financial Advisor, I&MD	Member
7.	Chief Nautical Officer, GMB	Member
8.	Director of Civil Aviation	Member
9.	President, Gujarat Chamber of Commerce	Member
10.	Additional/ Joint Industries Commissioner	Member Secretary

7. Chief Minister's Cabinet Committee for Industrial Promotion & Monitoring (CCCIPM)

Under special circumstances, in the event of need as may arise in a particular case or cases, or for certain categories regarded as priority, the Chief Minister's Cabinet Committee for Industrial Promotion & Monitoring (CCCIPM), formed under I&MD GR No. IND-102015-66447-I dated 21/02/2015, may sanction customized package or make suitable changes in the terms and conditions of the incentives and/or may sanction additional incentives than that provided under this scheme.

8. Interpretation

Issues of interpretation, or a dispute or difference of opinion under the scheme, shall be referred to the Committee for Mega A&D Enterprises constituted under the chairmanship of Chief Secretary; the decision of which will be final and binding.

9. Procedure

9.1 Prerequisites for Application for Registration

- A) To avail assistance / incentives under this scheme, an A&D enterprise shall apply in the prescribed application form to the Industries

Commissioner within one year from the date of commencement of commercial production. along with the following documents, as applicable. If the enterprise fails to submit its application for incentives to the Industries Commissioner within one year from the date of commencement of commercial production, the entitlement of amount of incentive and eligible period shall be reduced proportionately to the extent of delay.

- 1) In case of a Mega and Large A&D Enterprise – Industrial License, if applicable, issued by the competent authority in Government of India, or Industrial Entrepreneurs Memorandum.
- 2) In case of Micro, Small and Medium Enterprise – Industrial License, if applicable, issued by the competent authority in Government of India, or Udyog Adhaar
- 3) Detailed Project Report approved by a Chartered Accountant if the project cost is ₹ 1 crore and above, or a self-attested project report if the project cost is less than ₹ 1 crore

9.2 Registration

- 1) After receipt of application, the Industries Commissioner will scrutinize the application and put it up before the concerned sanctioning authority under this scheme.
- 2) The registration certificate shall be issued after the registration is approved by the sanctioning authority.
- 3) The validity of the registration certificate shall be for five years from the date of issue, which may be extended upon the licensee submitting the required details of the status of the project, as may be required, to the satisfaction of the competent authority.

9.3 Disbursement of Assistance

- 1) After commencement of commercial production, the A&D enterprise shall be eligible for disbursement of assistance under this scheme.
- 2) Upon receiving the application for VAT incentive, the Industries Commissioner shall issue a Provisional Eligibility Certificate to the

extent of 25% of the eligible fixed capital investment as certified by the statutory auditor of the enterprise.

- 3) For determining the amount for final eligibility for VAT incentive, the Industries Commissioner shall carry out verification of assets through a committee constituted for the purpose. The report of the committee shall be placed before the sanctioning authority for approval of the final eligible investment.
- 4) The application for assistance for Skill Development shall be verified by a committee constituted for the purpose by the Industries Commissioner. The committee shall include a nominee of the Commissioner / Director of Employment & Training. The report of the committee shall be placed before the sanctioning authority for the approval of the assistance. Documents required to be submitted with the application shall be specified separately by the Industries Commissioner.
- 5) The application for subsidy for Interest and Power Tariff shall be disbursed by the Industries Commissioner after the verification of documents, which shall be specified separately.

9.4 Change in item of production or addition of items

- 1) The A&D enterprise may be allowed to change any of its product within the A&D sector, and may create additional capacity, during the period of incentive granted to it under the scheme. However, the fresh investment made for the above will not be eligible for consideration as eligible fixed capital investment.
- 2) The application for change of product will have to be submitted to the Industries Commissioner prior to the commencement of production of the new product. In the event of the enterprise submitting its application after commencing production of the new product, the reimbursement of VAT on the new product shall be given from the first day of the subsequent calendar quarter and the enterprise will not be entitled for reimbursement of VAT for the prior period.

10. 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 enterprise 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 atleast 85% of the total number of employees from persons domiciled in Gujarat.

The enterprise 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.

In view of the technology requirements of the A&D sector, the concerned sanctioning authority may relax the requirement of employment of the minimum percentage of persons domiciled in Gujarat for up to two years from the date of commencement of production, on merits of each case.

- 2) An enterprise 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 enterprise may avail similar incentives under a scheme of the central government.
- 3) The incentives under this scheme shall not be available for renovation, modernization, rehabilitation, or rationalization.
- 4) An enterprise 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.

- 5) An enterprise 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 obtaining the required information and satisfying itself as to the representation of the enterprise in this regard.
- 6) The enterprise shall furnish to the Industries Commissioner 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.
- 7) The Industries Commissioner shall separately issue guidelines for the implementation of the scheme, as and when required.

11. Budget Provisions:

The expenditure on this account will be met from the following budget head and grants sanctioned thereunder:

Demand No. : 49

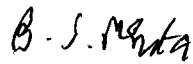
Major Head : 2852 Industries

Minor Head : 800 other expenditure

Sub Head : 36 Assistance to Large Industries

This issues with the concurrence of the Finance Department dated 5.12.2016 received on the file of even number on this date.

By order and in the name of the Governor of Gujarat.


(B.S. Mehta)

Deputy Secretary,
Industries & Mines Department

To,

1. Secretary to H.E. the Governor*
2. PS to All Ministers
3. Principal Secretary to Hon. CM
4. Under Secretary to Chief Secretary
5. All Departments



6. All Heads of Departments/Boards/corporations/Institutions under Industries and Mines Department
 7. Industries Commissioner, Gandhinagar
 8. All collectors
 9. All District Development Officers
 10. All District Industries Centers
 11. Commissioner of Commercial Tax, Ashram road, Ahmedabad.
 12. Accountant General Ahmedaad/Rajkot*
 13. All branches of Industries and Mines Department.
 14. System Manager for IWDMS, TCS Ltd., Gandhinagar
 15. Jt. C.I.O., Industries & Mines Department for uploading on Website.
 16. Select File.
- * by letter

