

# **INDIA – INVESTOR INCENTIVES**

## **I) SECTOR SPECIFIC INCENTIVES FOR INVESTORS**

The main incentives schemes that the central and state governments in India offer to investors in the electronics, automotive, auto parts and machinery sectors are listed below. These incentives are available to investors in order to encourage industrial development regardless of whether they are foreign or domestic companies.

### **Electronics**

#### **1. National Level**

- As regards electronics hardware, 100% FDI is allowed under the automatic route with a few exceptions:
  - Aerospace and defence equipment manufacturers require an industrial licence
- 100 percent FDI under the automatic route for proposals relating to the Information Technology (IT) subject to certain conditions.
- Peak rate of customs duty is 10%. Customs duty on 217 Information Technology Agreement (ITA-1) items has been abolished from March 1, 2005.
- All goods required in the manufacture of ITA-1 items have been exempted from customs duty subject to actual user condition.
- Zero customs duty on specified raw materials or inputs used for manufacture of electronic components and optical fibres or cables
- Zero customs duty on specified capital goods used for manufacture of electronic goods.
- General rate of excise duty (CENVAT) reduced from 14% to 8%.
- Microprocessors, hard disc drives, floppy disc drives, CD ROM drives, dvd drives, dvd writers, flash memory and combo-drives have been exempted from excise duty.
- Parts, components and accessories of mobile handsets including cellular phones are exempted from excise duty.
- A Special Incentive Package Scheme (SIPS) to encourage investment for setting up semiconductor fabrication and other micro and nano technology manufacture industries in India announced by the Government on March 21, 2007. Incentives include up to 25% subsidy towards capital expenditure
- Second hand capital goods are freely importable.

- Weighted deduction of 150% of expenditure incurred on in-house R&D is available for companies engaged in the business of electronic equipment, computers and telecommunication equipment
- Support International Patent Protection in Electronics & IT (SIP-EIT): Under this scheme Small and Medium Enterprises (SMEs) and technology start-up units will be reimbursed costs incurred in filing international patent applications in the electronics and information and communication technology (ICT) domain for their indigenous inventions to the extent of 50% of the actual cost incurred by the applicant on filing international patent or INR 15 lakh whichever is lower.
- Multiplier Grants Scheme: The objective of the scheme is to encourage industry to collaborate with premier academic and government R&D institutions for development of innovative and commercially viable products. Under this scheme, the government will provide grants up to a maximum of twice the amount invested by the industry or industry consortium or association towards innovation at the academic or R&D institutions.
- Electronic Hardware Technology Parks set up to encourage investment in the sector in several cities e.g. Chennai, Bengaluru and Cuttack

## **2. State Level**

### i) Andhra Pradesh

Incentives listed below are offered specifically to the Electronic Hardware industry:

- Exemption from inspections (except those arising out of specific complaints) under certain labor laws.
- Non-hazardous IT and electronic hardware manufacturing industry has been declared as an essential service.
- IT and electronic hardware manufacturing industry shall be classified as industrial units for the purpose of levying industrial power tariff and will be exempt from the purview of statutory power cuts.
- 100 percent reimbursement of stamp duty, transfer duty and registration fee for IT and electronic hardware manufacturing industry in hardware manufacturing cluster parks (HMCP).
- The Andhra Pradesh government will provide infrastructure including power, water, sewerage and roads up to HMCP.
- Reimbursement of patent-filing costs is available up to a maximum of INR 2 lakh on successful attainment of patents.

- INR 10 lakhs as recruitment assistance is available on employing minimum 100 employees within one year of commencement of commercial operations for SMEs in Hyderabad and around, up to 50 kilometers.
- INR 15 lakhs as recruitment assistance is available for employing minimum 100 employees in tier-II cities within two years of commencement of commercial operations of the company.

ii) Gujarat

Incentives listed below are offered to the IT industry:

- Capital subsidy at 25 percent available for eligible new IT units on total eligible capital investment.
- Special incentives as capital subsidy available to large IT units on graduated scale.
- Turnover incentive offered at five per cent of eligible annual turnover with a ceiling of US\$ 1.2 million.
- Incidence of sales tax on computer hardware and peripherals to be reduced.
- Connectivity incentive where government would subsidize leased line rental up to 500 Km. to an extent of 50 percent of the lease rentals.

iii) Haryana

Incentives listed below are offered to the IT industry:

- Preferential treatment for allotment of land and power to IT units in all industrial areas developed by state agencies.
- Total exemption from payment of electricity duty for captive power generation sets installed by the IT Industry.
- Escort services and single desk clearance for obtaining easy clearances and approvals, with on-line clearance and support network linking all the related departments.

iv) Himachal Pradesh

Incentives listed below are offered to the IT industry:

- All IT units with a connected load exceeding 100 Kilo Watts shall be charged a concessional rate of electricity duty at the rate of INR 0.10 unit for a period of five years from the date of commencement of commercial production.
- Provision of tax related incentives.

- Special packages for investment proposals above USD 2.5 million or if the company is a Fortune 500 company.
- Initiatives to ensure continuous power supply treating IT as a continuous process industry.
- Exemption from land and building tax within the declared STP, IT habitats and hi-tech cities.
- Registered IT units within the declared software technology park, IT habitats and hi-tech cities to be eligible for relaxation of Floor Allocation Ratio (FAR) to the extent of 50 per cent.
- Creation of a venture capital fund of USD 5 million in association with Small Industries Development Bank of India (SIDBI).

v) Karnataka

Incentives listed below are offered to the IT industry:

- Exemption provided to IT companies from payment of entry tax on certain capital goods, concession on stamp duty and registration charges and rebate on cost of land
- Continuous and uninterrupted supply of power is available at industrial rates.
- Pollution control clearances, urban planning/ zonal regulations, relaxation in labor laws, facilitation provided through single window agency.
- Venture capital from government for start-ups is available.

vi) Kerala

Incentives listed below are offered to the IT industry:

- Standard Investment Subsidy at 30 per cent of Fixed Capital Investment is available subject to limit of USD 33,333 for IT companies located in Thiruvananthapuram and Ernakulam districts. For companies located outside these districts the applicable subsidy will be 40 per cent of Fixed Capital Investment subject to a limit of USD 55,555.
- IT industry units, government IT parks, certified IT parks and Akshaya centers<sup>1</sup> are entitled to concessional power tariffs depending on the supply of and connected load to the IT industry.
- IT units in Government IT Parks have exemption from stamp duty and registration fees upon executing lease / sale agreement with the park for lease / sale of land and

---

<sup>1</sup> Akshaya, an innovative project implemented in the State of Kerala is aimed at bridging the digital divide and addresses the issues of ICT access, basic skill sets and availability of relevant content.

built up space, exemption from entry tax for goods like machine equipments, capital goods and construction materials procured for implementation of infrastructure projects.

- Price preference on government contracts for IT companies having registered office in Kerala and employing a minimum of 30 per cent of its workforce in its Kerala operations

vii) Maharashtra

Incentives listed below are offered to the IT industry:

- Fiscal incentives including stamp duty and electricity duty exemptions, double Floor Space Index / FAR for units built in IT Parks.
- Permission for extended working hours and relaxation of labor laws.

viii) Manipur

Incentives listed below are offered to the IT industry:

- 50 percent concession on rentals for five years.

ix) Rajasthan

Incentives listed below are offered to the IT industry:

- Exemption from certain provisions related to working on declared holidays, opening and closing hours and running 3-shift operations.
- Inspection by labor department waived off.
- IT and ITES units declared as Public Utility Services under the provisions of the Industrial Disputes Act, 1947
- The FAR applicable shall be up to double of what is applicable for commercial buildings.
- Certain fiscal incentives are provided under the Rajasthan Investment Promotion Policy, 2003.
- Value Added Tax on all products has been rationalized at minimum floor rate of four per cent.
- Mega Projects shall be entitled to a special package of incentives
- Rebate in cost of government land or land made available by the RIICO.

x) Uttar Pradesh

Incentives listed below are offered to the IT industry:

- Preferential allotment of land and 100 percent exemption from payment of stamp duty and registration fees.
- Encouragement given to captive power generation in IT locations.
- Mega investment units are to be given interest free loan for a period of 15 years up to the amount of the sales /trade tax liability or 10 per cent of the total turnover of the unit.
- Mega investments will be allowed interest free loan of 2.5 per cent of trade tax liability for goods.
- Mega investments will be allowed Central Sales Tax (CST) at 0.5 per cent or at a lower rate as given by the Indian Government.

xi) West Bengal

Incentives listed below are offered to the IT industry:

- Procedures under existing labor laws are simplified to ensure smooth operations.
- Self-certification allowed for IT companies on various acts.
- One time fiscal incentives offered in the form of exemption from consumption tax and quality linked incentives.
- Exemptions from stamp duty and registration fees.
- Exemptions from all state and local taxes on transaction with the SEZs. This is also applicable with reference to supply from domestic tariff areas to the SEZ.

### **Automotive and Auto Components Sector**

- 100 Percent FDI under the automatic route is permitted subject to relevant regulations.
- No Minimum Investment Criteria.
- Most states customise incentives for large investments.
- Weighted tax deduction up to 150 percent for in-house research and R&D activities.

### **Machinery**

No sector-specific incentives are available for machinery and machine tools. However industries involved in the manufacture of machinery can avail of the general incentives provided at the national and state level.

## II) CROSS - SECTORAL INCENTIVES FOR INVESTORS

### A. National Level

The main incentives schemes that the Central Government offers to investors are listed below. These incentives are available to investors in order to encourage industrial development and export regardless of whether they are foreign or domestic companies.

- **Special Economic Zones (SEZs)** - SEZs are specifically delineated duty free enclaves deemed to be outside the customs territory of India and treated as foreign territory for the purpose of trade. Thus, goods and services going into and coming from SEZs are treated as exports and imports respectively. 100 percent foreign direct investment (FDI) is permitted under the automatic route for setting up SEZs and setting up units in the SEZs, subject to the SEZ Act, 2005 and the Foreign Trade Policy.
- **Export Oriented Units (EOUs)** - Aimed at enhancing exports, 100 percent EOU's are industrial operating units that undertake to export their entire production of goods and services except for certain goods and services that can be exported to the Domestic Tariff Area<sup>2</sup> (DTA). Depending on the activity undertaken FDI may be either routed through the automatic route or by obtaining prior approval from the Foreign Investment Promotion Board (FIPB).
- **Electronic Hardware Technology Parks (EHTPs) and Software Technology Parks (STPs)** - STP and EHTP schemes are aimed at encouraging the development and export of computer software and electronic hardware from India. Depending on the activity undertaken FDI may be either routed through the automatic route or by obtaining prior approval from the FIPB.
- **Industrial Parks** - The Industrial Parks Scheme<sup>3</sup> aims at enhancing the development of infrastructure facilities for industrial use. 100% FDI under automatic route is allowed for setting up industrial parks or industrial model towns.

The Indian Government has also put in place schemes like **Advance Authorization** and **Export Promotion Capital Goods (EPCG)**

---

<sup>2</sup> Domestic Tariff Area refers to the whole of India except for the area covered by the EOU.

<sup>3</sup> An 'industrial park' is an area allotted for development of infrastructure facilities or built-up space with common facilities or earmarked for the purposes of industrial use. Industrial activity permitted in the area designated as an 'industrial park' includes manufacturing, electricity, gas and water supply, post and telecommunications, software publishing, consultancy and supply, data processing, database activities and distribution of electronic content, other computer related activities, research and experimental development on natural sciences and engineering, business and management consultancy activities and architectural, engineering and other technical activities.

among others that provide certain procedural and fiscal incentives (such as zero import duty on capital goods) as long as certain conditions are satisfied.

Set forth below are the incentives and features defining the above schemes.

## **1. Special Economic Zones (SEZs)**

### Incentives

- Units which begin to manufacture or produce articles or things or provide any services, on or after April 1, 2005 are eligible for a 15 year tax benefit in relation to export profits, in the following manner:
  - ⇒ 100% deduction for 5 years, 50% deduction for next 5 years, and 50% deduction of the units which begin profits ploughed back into business for the next 5 years.
  - ⇒ 100% deduction of profits derived by an undertaking or enterprise from the business of developing an SEZ, notified on or after April 1, 2005. The deduction is available for 10 out of 15 years beginning from the year in which SEZ has been notified.
- Exemption from capital gains tax arising on transfer of capital assets in case of shifting of industrial undertaking from urban area to any SEZ.
- Minimum Alternate Tax is not applicable to the income arising on or after April 1, 2005 to SEZ units or developers of SEZs.
- Exemption of developers of SEZ from dividend distribution tax on dividends to be distributed by them on or after April 1, 2005.
- Exemption of interest income received by a non-resident or not ordinarily resident on deposits made on or after April 1, 2005 with Offshore Banking Units.
- No tax to be deducted by Offshore Banking Units from the interest paid on deposit made by, or borrowing from, a non-resident or a person not ordinarily resident in India, on or after April 1, 2005.
- Exemption from import and export duty.
- Exemption from CST on procurements from the DTA.
- Exemption from Service Tax.
- Exemption from electricity duty and tax on sale of electricity for self generated and purchased power.

### Features

- 100 per cent export earnings maintainable in foreign exchange in Special Foreign Currency Account with minimal restrictions on business payments outside India.



- Unlimited credit period for export realization is available.
- Branches of foreign companies in SEZ are eligible to undertake manufacturing activities.
- Transfer of goods or services from Domestic Tariff Area to SEZs treated as exports & vice versa as imports.
- No export commitments - SEZ units required to be positive net foreign exchange earners cumulatively over 5 years.
- No limit on DTA sales.

## **2. Export Oriented Units, Software Technology Parks, Electronic Hardware Technology Parks**

Incentives common to EOUs, STPs and EHTPs are listed below:

### Incentives

- Units are entitled to reimbursement of any Central Sales Tax (CST) paid on goods manufactured in India.
- Units are entitled to exemption from the payment of Central Excise Duty on goods manufactured in India and procured from the DTA.
- Units are entitled to reimbursement of duty paid on fuel procured from domestic oil companies or depots of domestic oil Public Sector Undertakings at the prevailing drawback rate.
- Units can also avail CENVAT<sup>4</sup> credit on any service tax paid.
- Units are exempt from Income Tax under Section 10A<sup>5</sup> and 10B<sup>6</sup> of the Income Tax Act, 1961.
- Units are exempt from industrial licensing for manufacture of items reserved for the Small Scale Industries (SSI).

---

<sup>4</sup> Goods that are produced or manufactured in India are charged a duty of excise called Cenvat at the rates specified in the Central Excise Tariff. Excise duty on alcohol, alcoholic preparations, and narcotic substances is collected by the State Government and is called "State Excise" duty. The excise duty on rest of goods is called "Central Excise" duty. The Cenvat scheme is principally based on system of granting credit of duty paid on inputs and input services. Manufacturers or service providers are required to pay excise duty and service tax as per normal procedure on the basis of 'Assessable Value' (which is mainly based on selling price). However, they receive credit of duty paid on inputs and service tax paid on input services.

<sup>5</sup> Section 10A provides for special provisions regarding newly established undertakings in free trade zones. Under section 10A such undertakings are exempt from including export profits and gains under taxable income for a period of ten years from the time the unit begins manufacture subject to certain conditions. This exemption is available up to April 1, 2012.

<sup>6</sup> Section 10B provides for special provisions regarding newly established hundred percent export oriented undertakings. Under section 10B such undertakings are exempt from including export profits and gains under taxable income for a period of ten years from the time the unit begins manufacture subject to certain conditions. This exemption is available up to April 1, 2012.

- Extended credit period of 12 months is available for realization of export proceeds.
- Units are permitted to retain 100% of export earnings in their Exchange Earner's Foreign Currency (EEFC) account.
- Units are not required to furnish bank guarantee at the time of import or going for job work in the DTA as long as the unit fulfills certain conditions stipulated under the FTP.

#### Features of EOUs

- 100 per cent export earnings maintainable in dollar account - minimal restrictions on business payments outside India from dollar balances.
- Extended credit period (1 year) for export realization is available.
- Re-export of defective imports / imports on loan basis permitted without G.R waiver.
- Sub-contracting permissible.
- Inter-unit transfer of goods or services permitted.
- Capital goods may also be transferred or given on loan basis to other EOUs (with prior permissions).
- Scrap, waste, remnants, unutilized materials, surplus or obsolete capital goods may be exported or sold in the DTA on payment of duties.
- Job work on behalf of domestic exporters for direct export allowed.
- State Trading Regime<sup>7</sup> is not applicable to EOU except with regard to Chrome Ore / Chrome Concentrate.
- Only projects having a minimum investment of INR 10 million in plant & machinery shall be considered for establishment as EOUs.

#### Features of STPs and EHTPs

- No export or foreign exchange earning commitment. STPs and EHTPs are required to be positive net foreign exchange earners calculated cumulatively over blocks of 5 years.
- Capital goods can be sourced on lease.
- Up to 50 per cent of exports value can be sold locally with concessional duties and taxes (subject to positive net foreign exchange requirement).

---

<sup>7</sup> Under the State Trading Regime certain goods can only be imported and exported by State Trading Corporations (STCs). However such goods may be imported or exported by others subject to approval by the Director General of Foreign Trade (DGFT). Further, certain privileges are also available to STCs.

- Supplies from the DTA to STP units regarded as 'deemed exports', entitling DTA suppliers to certain export benefits.
- Concessional lease rentals in STP zones for initial 3 years
- Sub-contracting permissible.
- Inter-unit transfer of goods or services permitted.
- Capital goods may also be transferred or given on loan basis to other STP units (with prior permissions).

### **3. Industrial Parks**

#### Incentives

- 100% tax exemption of profit accrued from development, operation and maintenance of Industrial Park.

## B. State Level

We have listed below incentives provided in certain key states.

### 1. Andhra Pradesh

Incentives/ categories	Stamp duty	Rebate on land	Power	Investment subsidy	Commercial tax	Interest subsidy	Capital assistance	Others
Large-and medium-scale industries	100 per cent reimbursement on purchase of land for industrial use, lease/shed buildings, financial deals and mortgages	25 per cent rebate in industrial estates/ind ustrial developme nt area limited to USD 12,195	Reimburseme nt at USD 0.02 per unit during the first year	1) 15 per cent on fixed capital investment subject to a maximum of US\$ 0.04 million  2) Additional 5 per cent on fixed capital investment limited to USD 12,195 for Scheduled Castes (SC) / Scheduled Tribes (ST).	25 per cent in the first year to be ploughed back by government for payment of next year (for five years)			1) 50 per cent subsidy for quality certification limited to USD 2,439.  2) 25 per cent subsidy on specific cleaner production measures limited to US\$ 12,195.  3) 50 per cent subsidy on the expenses incurred for patent registration limited to US\$ 12,195.  4) Roads, power and water to units contributing 50 per cent of cost of infrastructure from Industrial Infrastructure Development Fund

Incentives/ categories	Stamp duty	Rebate on land	Power	Investment subsidy	Commercial tax	Interest subsidy	Capital assistance	Others
								(IIDF) with ceiling of US\$243,902
Mega projects	1) Eligible for all incentives for large-and medium-scale industries  2) Tailor-made benefits on a case-to-case basis	-	-	-	-	-	-	-
Existing tiny/SSI/large and medium projects	-	-	-	-	-	-	-	1) 50 per cent subsidy for quality certification limited to US\$ 2,439.  2) 50 per cent subsidy on patent registration limited to US\$ 12,195
Existing large industries and mega projects	Special package of fiscal benefits on a case-to- case basis	-	-	-	-	-	-	-

## **2. Bihar**

- Promotion of industries specifically identified as thrust areas— pharmaceuticals, drugs and biotech Industries, food processing and agro based industries, IT and IT-enabled services, eco tourism, heritage tourism, adventure tourism, event tourism, medical tourism and entertainment Industry.
- Single window clearance system available.
- Enhancement of the competitiveness of industrial units through pre-production and post-production incentives.
- Provision of self-certification to simplify the inspection of factories.
- Waiving of the minimum monthly guarantee electricity bill, discontinuation of land registration charges and reimbursement of Value Added Tax (VAT) (80 per cent in the case of new units and 25 per cent for the old units).

## **3. Chattisgarh**

- Interest subsidy provided.
- Infrastructure development/capital investment subsidy provided.
- Exemption from electricity duty.
- Exemption from stamp duty.
- Exemption from entry tax.
- Allotment of plots at concessional premium in industrial areas.
- Exemption from land diversion fee.
- Reimbursement of project report expenses.
- Quality certification subsidy available.
- Technology patent subsidy available.
- Interest subsidy for technology up gradation available.
- Information technology, biotechnology and advanced technology industries have been declared as the special thrust industries in the Chhattisgarh State Industrial Policy and will be entitled to additional direct and indirect incentives.

## **4. Haryana**

- Exemption from payment of electricity duty for a period of five years to all new industrial units except those in the negative list.

## **5. Himachal Pradesh**

- Special priority to 100 per cent export-oriented units/information technology/biotechnology/foreign direct

investment projects and sectors such as tourism for grant of power connections.

- Setting up of Single Window Clearance Agency and Monitoring Authority under the chairmanship of the Chief Minister, along with single window agencies at major industrial towns like Parwanoo, Baddi, Paonta Sahib, Goyalhai and Sansarpur Terrace.

## **6. Jharkhand**

- A Committee has been formed at the state level for speedy clearance of mega projects (investment above USD 11 million) under the Chairmanship of the Chief Secretary with secretaries from all concerned departments and representatives from banks and financial institutions as members.

## **7. Karnataka**

- Capital investment subsidy to SSI in all areas.
- Exemption of Stamp Duty and reduction of registration charges in thrust areas.
- Waiver of conversion fee for up to 50 acres in thrust areas.
- Reduction of 18 on land acquisition charges through KIADB in thrust areas.
- Entry tax concessions for three or five years on capital goods/raw materials in thrust areas.

## **8. Madhya Pradesh**

- Special package for mega projects on project basis by apex level empowered committee headed by the Chief Minister.
- Industrial investment promotion assistance for a period of 3 to 10 years of up to 50 to 75 per cent of commercial tax deposited by the company.
- Concessional registration charges and stamp duty exemption for term loans.
- Interest subsidy on term loan for five years at three to five per cent.
- For thrust sector industries, 25 per cent capital subsidy would be provided limited up to a maximum of USD 56,000.
- Land on 75 per cent concessional rate for mega projects with a fixed capital investment of INR 25 crore.
- Entry tax exemption for five years.
- Five years electricity duty exemption on captive power generation.

- 15 per cent capital subsidy to SSI up to USD 33,000 in backward areas.
- Partial reimbursement for project report, ISO certification, patent and technology purchase cost.

## **9. Maharashtra**

- EOUs, Information Technology (IT) and Bio-Technology (BT) units, and industries setting up in SEZs and EHTPs will be exempted from payment of electricity duty for a period of 10 years.
- New units as well as those undertaking expansion or diversification will be exempted from payment of Stamp duty up to March 31, 2011. Stamp duty exemption will be available as given below:
  - BT and IT units in public parks: 100 per cent.
  - BT and IT units in private parks: 75 per cent.
  - Mega projects: 50 per cent.
- New units setting up facilities in notified districts and employing at least 75 per cent local persons as defined in the Employment of Local Persons Policy will be offered 75 per cent reimbursement of expenditure on account of contribution towards Employee State Insurance (ESI) and Employee Provident Fund (EPF) Scheme for a period of five years.
- The quantum of incentives within the approved limit will be decided by the High Power Committee under the chairmanship of Chief Secretary, Government of Maharashtra.
- All eligible units, new as well as old units undertaking expansion in Vidarbha region will be eligible for refund of royalty paid on purchase of minerals from mine owners within the state of Maharashtra for a period of five years from the date of commencement of commercial production.

## **10. North Eastern States**

- Industries under the North East Industrial and Investment Promotion Policy (NEIIPP) 2007, are eligible for incentives for a period of ten years from the date of commencement of commercial production.
- New industrial units as well as the existing units at their substantial expansion will be eligible for reimbursement of 100 percent insurance premium.
- Various subsidies in transportation of goods, capital investment, interest rates, income tax, power, excise duty and insurance schemes available.
- 100 per cent excise duty exemption will be continued on finished products made in the north east region.



- 100 per cent income tax exemption will continue under NEIIPP, 2007 as was available under NEIP, 1997.
- Capital investment subsidy has been enhanced from 15 percent of the investment in plant and machinery to 30 percent and the limit for automatic approval of subsidy at this rate is USD 0.36 million per unit, as against USD 73,170 available under NEIP, 1997.
- Interest subsidy is available at 3 percent on working capital loan under NEIIPP, 2007.

### **11. Punjab**

- Enhancement of the competitiveness of industrial units through capital subsidy and freight subsidy.
- Constitution of the Empowered Committee to grant special privileges for projects of significance.
-

## 12. Uttarakhand

Category	Details of state level incentives for industries
Capital investment subsidy	<ul style="list-style-type: none"> <li>15 percent central capital investment aid up to a maximum of USD 73,170 for the establishment of new industrial units and for the purchase of equipment and machinery for significant improvement in existing units.</li> </ul>
Interest subsidy	<ul style="list-style-type: none"> <li>Three per cent annual relief on loans to new SSI units and SSI units expanding at least 25 per cent provided the loan is availed from state level financial institutions or banks operating in Uttarakhand and have not defaulted in principal or interest payments.</li> <li>Five per cent waiver on annual interests on loans on SSI units and units notified as thrust industries being set up in remote areas.</li> </ul>
Land subsidy	<ul style="list-style-type: none"> <li>Stamp duty concessions to be provided in respect of land in specialized commodity parks, including IT parks</li> </ul>
Registration of patents and other Intellectual Property Rights (IPRs)	<ul style="list-style-type: none"> <li>75 per cent of the cost (subject to a maximum of USD 4,878) for registering patents shall be reimbursed</li> </ul>
Power subsidy	<ul style="list-style-type: none"> <li>No restriction in the state in using power during the peak hours</li> </ul>
Other concessions	<ul style="list-style-type: none"> <li>A 100 per cent relief in the state excise duty for a period of 10 years.</li> <li>A 100 per cent relief in income tax for the first five years, and thereafter a 30 per cent relief to companies and 25 per cent relief for others.</li> <li>CST at one per cent for five years.</li> <li>100 per cent exemption on entertainment tax for multiplex projects for a period of three years.</li> <li>100 per cent exemption on entertainment tax on amusement parks and ropeways for a period of five years.</li> <li>75 per cent of the total expenditure incurred in obtained national/international quality marks to be reimbursed.</li> <li>50 per cent of the cost incurred in installing pollution control equipments to be reimbursed.</li> <li>Exemption from entry tax on plan and machinery for setting up industry for undertaking substantial expansion and modernization.</li> </ul>

### 13. Uttar Pradesh

Category	New investment	Existing units
Capital investment subsidy	<ul style="list-style-type: none"> <li>At 10 percent for SSI units subject to a ceiling of USD 11,600</li> <li>At 15 percent for women and SC/ST entrepreneurs subject to a ceiling of USD 17,400</li> <li>Special incentive package for large units with investment of US\$ 11.6 million or more</li> <li>Investment subsidy of 10 percent (up to USD 46,500) for 100 percent EOUs.</li> </ul>	<ul style="list-style-type: none"> <li>At 50 per cent for machinery in SSI Units subject to a ceiling of US\$ 4,600</li> </ul>
Interest subsidy	<ul style="list-style-type: none"> <li>At five per cent for SSI units for 5 years subject to a ceiling of USD 5,800 per annum.</li> </ul>	<ul style="list-style-type: none"> <li>At 5 per cent for SSI units for 5 years subject to a ceiling of US\$ 1,200 per annum.</li> </ul>
Land subsidy	<ul style="list-style-type: none"> <li>Concessional rates on land in industrial areas and estates in industrially – backward districts.</li> </ul>	
Registration of patents and other IPR		<ul style="list-style-type: none"> <li>Reimbursement of 50 per cent expenditure (ceiling of USD 11,600)</li> </ul>
Power subsidy	<ul style="list-style-type: none"> <li>Subsidy equivalent to trade tax paid on raw materials.</li> <li>Exempted from electricity duty for 10 years.</li> <li>20 per cent rebate (up to five years) on electricity bills for notified industrial estates and industries.</li> </ul>	
Other concessions	<ul style="list-style-type: none"> <li>Exemption from entry tax, interest free loans for 15 years for pioneer units, concession on trade tax, tax free purchase of inputs cost of transportation, octroi rebate, special incentives for Non – Resident Indians among others.</li> </ul>	<ul style="list-style-type: none"> <li>For rehabilitation of sick units, minimum demand charges for the period of their closure will not be charged</li> <li>Deferment of luxury tax in thrust areas for five years</li> </ul>