

**Guidelines for Customized Package under Section-14 of The Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012**

Guidelines for Customised Package for Industry for promoting investments in Manufacturing and Service Sector.

**1. Context**

**1.1** With the success of Uttarakhand Investment Summit 2018, lot of businesses showed interest in making investments in Uttarakhand and help in economic development of the State. Memorandum of Understanding (MoUs) were signed for numerous small and large projects, across various sectors. The Government provided financial incentives for these projects through State Government Policies, i.e., Uttarakhand MSME Policy and Mega Industrial policy as well as sector-specific policies. Many of these projects have been grounded and started production. Yet a lot of big projects are still in pipeline for grounding.

**1.2** It is noted that the proportion of incentives to investment provided under 'Uttarakhand Mega Industrial and Investment Policy 2021' (Mega Policy) decrease as the amount of investment increases. A case study for investment amount of INR 100 and INR 300 crores is placed as Annexure-7. It is evident from the case study that the effect of the subsidies or incentives decreases on percentage terms as the project moves towards higher investment.

**1.3** It is also to be noted that ultra-mega projects (of investment size of > INR 200 Crores, as defined in Mega Policy), act as a catalyst for industrial growth and attracts ancillary and downstream industries. To facilitate the investment of large projects, States like Andhra Pradesh, Maharashtra, Uttar Pradesh and Rajasthan provide customised incentives on a case-to-case basis. In Uttarakhand context, these projects may be defined as Ultra Mega or special category projects. Such industries may be given preferential or customized offers to fuel industrial growth within the State.

**1.4** Uttarakhand's Single Window Act 2012 also has a provision for providing customised package under Section-14 but it hasn't been used, due to a lack of guidelines and a notified procedure for implementation. It is thus decided that guidelines may be formulated to operationalise the provision of customised incentives for large size projects. As defined in Mega Policy, these guidelines are applicable only on Ultra Mega Project, i.e., on investments of more than INR 200 Crores. These guidelines are being issued for effective and smooth implementation of this provision on providing customised package.

**2. Definition**

**2.1 The Guidelines:** "Guidelines for Customized Package under Section-14 of The Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012."

**2.2 Applicant:** For the purpose of these Guidelines, applicant shall be an entity registered in India, as per eligibility criteria, proposing to manufacture goods in the state or provide services from the state and is making an application for seeking customised

incentive under these Guidelines. The applicant shall make a threshold investment in any Greenfield or expansion/ diversification in a brown field project in the state.

- 2.3 Application:** Application submitted by an applicant to the Project Review Committee (PRC) as per the Application Form prescribed under these guidelines containing requisite information, along with supporting documents and application fee.
- 2.4 Application Acknowledgement Date:** The date on which an application is acknowledged by the PRC after carrying out initial scrutiny in this regard.
- 2.5 Application Approval Date:** The date on which the Letter of Assurance "Nishchaya Patra" under the Guidelines is issued by the Empowered Committee (EC).
- 2.6 Base Year:** Year in which application is submitted, will be considered as Base year.
- 2.7 Brownfield project:** Any eligible project, above threshold limits, either operative or non-operative, where fresh investment is being made, either by current owner or new owner. Separate records shall however be maintained for the expansion of an existing facility for the purpose of these Guidelines.
- 2.8 Date of Commercial production:** The date on which the applicant raises the first GST invoice for the sale of Eligible Product(s) manufactured under the Guidelines.
- 2.9 Employment:** It means the number of direct jobs created in the production process or with related activities beginning from when materials enter a production facility and up until the resultant manufactured goods leave the production facility. In case of services, number of jobs will be calculated as people employed by the applicant and not affiliates or by third parties. Such employment shall include on-roll, contractual and apprentice workforce employed within the State only.
- 2.10 Project Review Committee (PRC):** To review and scrutinize applications, one member Committee has been constituted under the Chairmanship of Secretary, Industries. Director General/ Commissioner and Director, Industries may support Secretary to analyse potential economic impact, support in gathering additional information, understand and apprise about the financials regarding the project, etc. The PRC shall evaluate the project details furnished by the application and may include additional information required as well as site visits. PRC shall furnish its recommendations to Empowered Committee. Secretary, Industries may seek/ involve other experts from the Central/ State Governments or otherwise e.g., legal, information technology, finance, other sectors, etc. as and when required.
- 2.11 Empowered Committee (EC):** The composition of the Empowered Committee will be as follows:

Member	Designation in Committee
Chief Secretary, Government of Uttarakhand	Chairman, Empowered Committee
Secretary, Finance, Government of Uttarakhand	Member
Secretary, Industries, Government of Uttarakhand or Chairman Project Review Committee	Member Secretary

- 2.12 High Empowered Committee (HEC):** The composition of the High Empowered

Committee will be as follows:

<b>Member</b>	<b>Designation in Committee</b>
Chief Minister, Government of Uttarakhand	Chairman
Minister, Industrial Development, Government of Uttarakhand	Member

- 2.13 Financial Year:** Financial Year begins on the 1st April of a year and ends on 31st March of the following year.
- 2.14 Force Majeure:** Extraordinary events or circumstances beyond human control such as events described as an act of God (like a natural calamity) or events such as a war, strike, public health emergency, riots, crimes (but not including negligence or wrongdoing, predictable! seasonal rain and any other events specifically excluded)
- 2.15 Greenfield Project:** A eligible project wherein minimum threshold investment is proposed to be made by the applicant under these Guidelines in a new production/ services facility or the same investment amount of initial investment for expansion purpose. Separate records are to be maintained for the purpose of these Guidelines.
- 2.16 Incentive:** Incentive is the financial benefit to be provided to each selected applicant based on the provisions of these Guidelines.
- 2.17 Eligible Investment:** Eligible Investment shall mean expenditure incurred on new Plant, i.e., Building, Machinery, Equipment and Associated Utilities (including parts, accessories, components, and spares thereof) of the same, used in the design, manufacturing, assembly, testing, packaging or processing of any of manufactured goods or services delivered. Associated utilities would also include IT and ITES infrastructure related to manufacturing including servers, software and ERP solutions. Including transport, installation and insurance charges of Plant, Machine and Equipment.
- 2.18 Ineligible Investment:** The expenditure incurred on land required, land developer working capital for the project/unit shall not be considered as part of threshold investment limit, under these Guidelines.
- 2.19 Competent Authority:** PRC or any other authority(ies) appointed by EC, refers to the competent authority to act on its behalf for receipt and appraisal of applications, verification of eligibility and examination of disbursement claims through any method/document deemed appropriate and for managing the above-mentioned in accordance with these guidelines.
- 2.20 Threshold Investment:** The minimum investment to be made for eligibility under these Guidelines as specified under eligibility criterion of these guidelines.
- 2.21 Threshold Employment:** The minimum number of employments to be created for eligibility under these Guidelines as specified under eligibility criterion of these guidelines.

### 3. **Validity**

- 3.1** These Guidelines will come into force from the date of issue of the notification and will be effective for the next five years.

- 3.2 The right to provide any kind of relaxation in the provisions of these Guidelines will be vested in the Government.
- 3.3 These guidelines can be amended by The Chief Minister at any time, basis on the recommendations made by Empowered Committee, as and when required.

4. **Eligibility Criterion and Selection of Applicant**

4.1 **Eligibility for Application**

- 4.1.1 The firm should be registered with Registrar of Companies under 'The Companies Act, 2013' (including the amendments). Startups recognized by Government of India or any State Government shall also be eligible to apply.
- 4.1.2 Investment into manufacturing and service sector, both are eligible to apply for the benefits.
- 4.1.3 The applicant should not have been declared as bankrupt or wilful defaulter or defaulter or reported as fraud by any bank or financial institution or non-banking financial company.
- 4.1.4 **Minimum Threshold Limits:**
- 4.1.4.1 Investment: Projects with 'Eligible Investment' of INR 200 Crores or more shall be eligible for the benefits under these Guidelines, OR
- 4.1.4.2 Employment: The applicant entity should be able to generate direct employment of 500 personals/ annum, starting from the first year of Operations.
- 4.1.5 For the purpose of determining the eligibility of disbursement of approved fiscal incentives to the applicant under these Guidelines; the applicant shall be eligible to avail incentives after meeting the Minimum Threshold Limits criteria mentioned under clause 4.1.4 and the commencement of:
- 4.1.5.1 Production of the project for manufacturing sector units.
- 4.1.5.2 First sale recognised on Uttarakhand SGST based invoice for service sector units.
- 4.1.6 Eligibility under these Guidelines shall not affect eligibility under any other policy and vice versa.
- 4.1.7 Applicants availing incentives under customised packages are not eligible to avail incentives under other policies notified by the Government of Uttarakhand.
- 4.1.8 Eligible Applicant can apply for incentives being provided under any scheme of Government of India; subject to the total incentives being under the maximum limit of 100% of Eligible Investment as per clause 2.16

4.2 **Selection**

- 4.2.1 The PRC will evaluate the application basis on which it will recommend the project for approval to EC. Checklist for evaluation is placed at Annexure 8.
- 4.2.2 PRC has the right to reject an application even if the applicant meets the

minimum investment criteria. The PRC will have to provide a relevant reason for the rejection of the application. The reason for rejection will not be shared with the applicant but will be documented for the purpose of review for EC.

**5. Terms & Conditions for Eligible Investment Amount**

**5.1 General Terms & Conditions**

- 5.1.1 As the Non-Disclosure Agreement is done by other State Governments before providing these customised packages, the information regarding the incentive amount being given to the projects will be between the Government and the party itself. If the party is found to be in violation of the NDA, then the party will be liable to return the incentive being provided.
- 5.1.2 Eligible Investment shall be considered for determining eligibility under the Guidelines provided such Investment is made after issuance of these Guidelines.
- 5.1.3 Expenditure on consumables and raw material used for manufacturing shall not be considered as Investment.
- 5.1.4 The date of purchase invoice would be considered as the date of investment under the Guidelines.
- 5.1.5 Billing address for any part of eligible investment should be of a location in the State of Uttarakhand.
- 5.1.6 The applicant unit shall enter into an operational lock-in period by signing an agreement, which is minimum of 15 years starting from the date of commencement of:
  - 5.1.6.1 Production of the project for manufacturing sector units.
  - 5.1.6.2 First sale recognised on Uttarakhand SGST based invoice for service sector units

**5.2 Terms & Conditions for Plant, Machinery and Equipment**

- 5.2.1 Expenditure incurred on new Plant, Machinery and Equipment as defined in Clause 2.16 of these guidelines shall be considered as Investment for determining eligibility under these Guidelines.
- 5.2.2 New Plant, Machinery and Equipment should be purchased/leased in the name of the applicant. In cases where these are being leased, the lease should be in the nature of a financial lease within the meaning of Accounting Standard 19 — Leases or Indian Accounting Standard (Ind-AS) — 116 Leases, as may be applicable to the applicant, as notified by Ministry of Corporate Affairs or any other appropriate authority from time to time.
- 5.2.3 Plant, Machinery and Equipment should be procured/leased through legally valid documents after payment of applicable taxes and duties.

**6. Application procedure**

- 6.1 An applicant shall submit an undertaking in the format of Annexure 1 consenting audit of their manufacturing site/offices for verification of information/data submitted along

with the application.

- 6.2 On receipt of an application in the prescribed format, Project Review Committee will conduct an examination as to whether the application prima facie meets the eligibility criterion as prescribed in these guidelines. The aforesaid prima facie examination shall be completed within 15 working days from the date of receipt of the original application or any subsequent submission of the revised application if the original filling was returned as incomplete earlier.
- 6.3 In case, on the above-mentioned examination, an application is found to be incomplete, Project Review Committee shall inform the applicant accordingly within 15 working days of receipt of the application.
- 6.4 For an eligible application, Project Review Committee shall issue an acknowledgement of receipt of the application within 15 working days of receipt of the application along with a Non-Disclosure Agreement, that needs to be signed by both the parties (Applicant and PRC).
- 6.5 This acknowledgement shall not be construed as approval or Letter of Assurance under these Guidelines. In case, where on examination it is found that an original or a revised application does not prima facie meet the criteria as prescribed, the Project Review Committee shall inform the applicant accordingly within 15 working days of receipt of application.

## 7. **Project Review Committee (PRC)**

- 7.1 These Guidelines will be implemented through a Project Review Committee (PRC) which will be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities as assigned by Empowered Committee (EC) from time to time.
- 7.2 The PRC shall be responsible for:
  - 7.2.1 Receipt of applications, examination and processing of applications and issuing acknowledgements.
  - 7.2.2 Fortnight submission to EC, the status of applications received and processed under these Guidelines.
  - 7.2.3 Making appropriate recommendations to the EC for approval of applications under these Guidelines.
  - 7.2.4 Verification of thresholds for determining eligibility for disbursement of incentive.
  - 7.2.5 Examination of claims for disbursement of incentive and making appropriate recommendations to the EC.
  - 7.2.6 Verification of the reconciliation of disbursement claims with prescribed documents.
  - 7.2.7 Compilation of data regarding progress and performance of these Guidelines through Quarterly Review Reports as per Annexure 3 and other information/documents.

- 7.3 The PRC may request additional information, details and documents from the applicant as deemed necessary.
  - 7.4 The PRC will have the right to carry out a physical inspection of an applicant's manufacturing units and offices through a site visit.
  - 7.5 The PRC is empowered to form a team of experts in subject matter, project management as and when required to review, monitor, manage and implement the benefits availed by the investors under these Guidelines and to carry out the administrative work.
  - 7.6 Efforts will be made to convince the applicant to optimise use of existing policies and land allotment procedure in the state. In case, the project is fitting into the eligibility criteria of these guidelines, project proponent will be guided to make an application.
  - 7.7 Total fiscal incentives up to 100% of eligible investment amount as per clause 2.16 with Terms & Conditions as per clause 5 of The Guidelines, may be provided; with a maximum limit of estimated revenue accrued to the state through various State Taxes, Stamp Duty and other Levies in 10 years of period from the date of start of operations (including taxes and levies paid during capital investment or grounding of the project).
  - 7.8 Preference will be to provide incentive by way of reimbursements to ensure that the commitments made by the investor have been implemented. However, as the case warrants, incentives may also be provided on capex invested.
- 8. Empowered Committee (EC)**
- 8.1 The EC shall meet as often as necessary to ensure timely consideration of applications and disbursement claims and conduct a periodic review of these Guidelines.
  - 8.2 The EC will consider applications, as recommended by the PRC, for approval under these Guidelines. The EC may seek such additional information, as considered necessary for approval.
  - 8.3 The EC while considering applications for approval shall ensure that the total amount of incentives payable does not exceed the Financial Outlay of these Guidelines.
  - 8.4 The EC will conduct a periodic review of the selected applicant with respect to their investments, employment generation under these Guidelines.
  - 8.5 The EC will consider claims for disbursement, as examined and recommended by the PRC, for disbursement of incentive.
  - 8.6 In case of a Force Majeure Event, the EC may amend, modify or withdraw any Clause under these Guidelines on case-to-case basis.
  - 8.7 The EC may hold stakeholder consultation as and when deemed necessary during the tenure of these Guidelines.
- 9. Approval under these Guidelines**
- 9.1 The PRC shall process the applications and make appropriate recommendations to the EC for approvals.
  - 9.2 The Empowered Committee will scrutinize the applications recommended by the Project Review Committee. The Empowered Committee shall be vested with the

power to reject/modify/recommend the application and accordingly forward it to the Higher Empowered Committee (HEC) for approval.

- 9.3** The Authorized Committee, under the guidelines, shall not allow the representative of any member to participate during the discussion on the projects and there is no need to establish a quorum. The Empowered Committee shall have the power to consider/reject/modify/recommend the application in the presence of any number of members and accordingly shall have the power to forward it to the Higher Empowered Committee (HEC) for approval.
- 9.4** The High Empowered Committee (HEC) reserves the right of final approval on the investment application.
- 9.5** All the applications will be finalized within 90 days from the date of application submission.
- 9.6** After getting the approval from the High Empowered Committee (HEC), the Empowered Committee will issue the letter of assurance "Nischay Patra" to the selected applicant within 5 working days.
- 9.7** The PRC shall be responsible for communicating application status, sharing the Letter of Assurance and inviting investor within 15 days of issuing the Letter of Assurance by EC, for project commencement. The Letter of Assurance "Nishchaya Patra" shall clearly State the following:
- i.** Name of Applicant
  - ii.** Target Sector
  - iii.** Proposed Investment and Employment
  - iv.** Scheduled date of commencement of production
  - v.** Incentive Schedule with details on conditions
  - vi.** Investor's commitment on investment, operations, turnover and employment schedule
  - vii.** Other compliances, annual ceiling offiscal incentives, etc.
  - viii.** Yearly threshold of cumulative Investment.

*A graphical representation is demonstrated under Annexure-6 of this document.*

**10. Post Approval**

- 10.1** PRC or the team formed by PRC shall monitor the progress of the project made by the selected applicant as and when required with respect to investment committed.

**11. Public Disclosure of the Information**

- 11.1** The calculation of incentives, the Letter of Assurance and related documents are not subject to share in public domain. As, public access of such information may:
- i.** Create conflict of interest with other firms,
  - ii.** Become threat to the economic interest of the State,
  - iii.** Develop matter of infringement with the applicant firm,



iv. Violate the protected information of the applicant firm,

11.2 The information/ documents provided by the investor, applicant; and procedures, methodology used to implement, mentioned under these Guidelines shall be protected under the Section-8 and Section-9 of 'The Right to Information Act, 2005 (including amendments). A guiding framework for incentive calculation shall be developed separately which shall also be protected under the Section-8 and Section-9 of 'The Right to Information Act, 2005 (including amendments).

**12. Calculation of Incentive Schedule**

12.1 The annual incentive to be disbursed to the applicant shall be subject to the ceiling of the annual incentive, as stated in the Letter of Assurance "Nishchaya Patra".

12.2 The maximum annual limit shall be 10% per annum of total approved incentive under the clause 5 of The Guidelines.

12.3 The incentive disbursement schedule shall start from the date of fulfilling the Eligibility Criteria mentioned under the clause 4 of The Guidelines

12.4 It shall be continued till the disbursement of maximum approved incentive or remaining time period of 10 years; whichever event occurs earlier.

**13. Disbursement of Incentives**

13.1 For claiming incentives under these Guidelines, applicants will be required to submit claims for disbursement of incentives to the PRC. Applicants must ensure that the claims are complete in all respects and are accompanied by all the required documents as per the format prescribed in Annexure 4 of these guidelines.

13.2 An applicant may submit a claim for disbursement of incentive only on a half-yearly or annual basis that is for the commitments made in the period of April to September and October to March or April to March. Claims for any period shall be made only once unless withdrawn, and no subsequent part claim shall be allowed for the said period.

13.3 The PRC will examine the disbursement claim as submitted by an applicant. The PRC shall verify eligibility and assess incentive payable to an applicant based on the method laid down in these guidelines and the Letter of Assurance "Nishchaya Patra" issued to the applicant.

13.4 The PRC will have the right to verify any document(s) in relation to the claim for incentive including but not limited to statutory auditor certificates and returns furnished to various Ministries, Departments, Agencies. The PRC shall also have the right to examine the end realization and settlement payments corresponding to sales and investment respectively by way of auditor's certificate, bank statements etc. to the extent deemed necessary.

13.5 In case of any doubt with respect to determining eligibility and incentive amount due, or any other matter in the discharge of its duties and responsibilities, the PRC may refer such matter to EC for clarification and the decision of EC shall be final in this regard.

13.6 The PRC shall process the claim for disbursement of incentive within 90 days from

the date of receipt of such claim and make appropriate recommendations to the EC.

- 13.7** The EC will consider and approve claims for disbursement of incentive, as examined and recommended by the PRC.
- 13.8** The PRC shall disburse funds after completion of all pre-disbursal formalities by the applicant and approval from EC.
- 13.9** The disbursement of incentives will be in the form of Direct Bank Transfer through PFMS or any other mechanism of adjustment in the name of the applicant only
- 13.10** If the PRC or EC is dissatisfied that eligibility under these Guidelines or disbursement of incentives have been obtained by misrepresentation of facts or falsification of information, EC may ask the applicant to refund the incentives along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually, after giving an opportunity to the applicant of being heard.
- 13.11** In case of failure of refund of incentives as mentioned under the clause 13.10; The first right on Plant, Machinery and other Capital Assets, shall remain with the Government during the period of Guidelines benefits. Whereby the Government may recover the incentives disbursed, through auction of these capital assets.
- 13.12** EC shall make budgetary provisions for disbursal of incentives by the PRC under these Guidelines. The PRC will submit budgetary requirements to EC as a consolidated amount on quarterly basis.
- 13.13** The PRC shall furnish information to EC with details of disbursement claims received for incentives, amount disbursed, reasons for rejection, delay in disbursement of the incentives on a quarterly basis.

**14. Review**

- 14.1** Periodic reviews will be undertaken by the EC with respect to progress and performance of these Guidelines.

**15. Residual**

- 15.1** An applicant shall intimate the PRC of any change in the shareholding pattern during the tenure of these Guidelines, after updating with the Registrar of Companies (RoC).
- 15.2** Any change in the shareholding pattern of an applicant leading to a successor-in-interest during the tenure of these Guidelines, shall be intimated by PRC for approval of the EC to consider for disbursal of incentives.
- 15.3** In case of a successor-in-interest, all Investment undertaken by the applicant to whom approval was accorded under these Guidelines, would be considered for determining eligibility, subject to approval and compliance with any other condition stipulated by the EC, as may be deemed appropriate.
- 15.4** No second hand/used/refurbished plant, machinery, equipment, utilities, or R&D equipment shall be used to manufacture the eligible product.

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By order,

  
**(Dr. Pankaj Kumar Pandey)**  
**Secretary.**