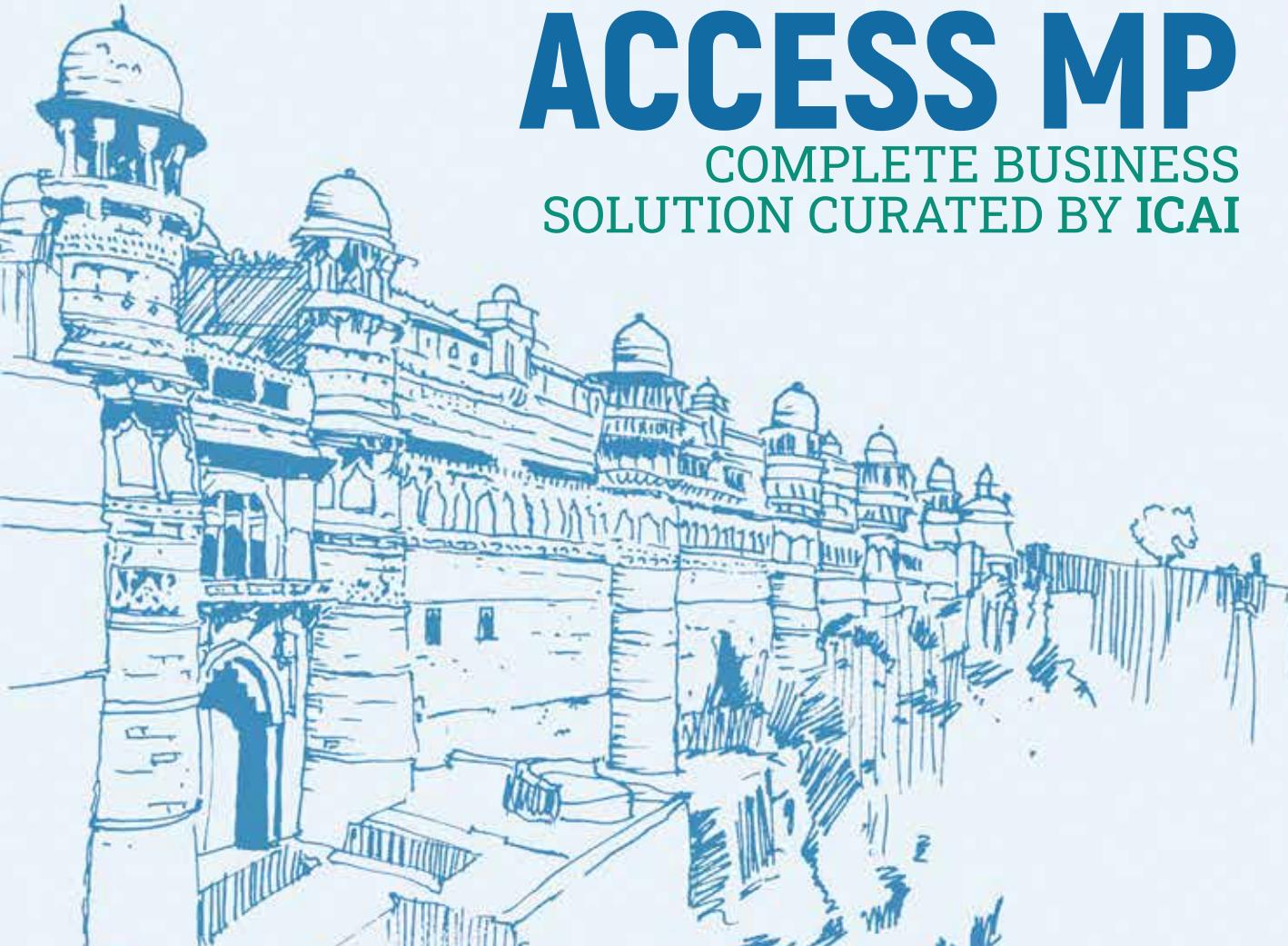




THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(SETUP BY AN ACT OF PARLIAMENT)

ACCESS MP

COMPLETE BUSINESS
SOLUTION CURATED BY ICAI



Disclaimer: The information provided in this publication is to help the investors understand the requirements for business establishment and operations in the eight focus sectors identified by the Government of Madhya Pradesh. This is a compilation of data available from various local government websites. Prospective investors are advised to do their own due diligence and be compliant with statutory and regulatory requirements and take informed decision on their own.

Neither the ICAI nor any official or any person connected with it shall be responsible for the accuracy of the information contained herein or on the contents available on the linked website. ICAI cannot guarantee the availability of such linked pages at all times.



PRESIDENT'S MESSAGE

In the evolving global investment environment, India has emerged as one of the fastest-growing economies in the world and is offering exciting business opportunities practically in almost every sector of the economy.

As per recent reports, our nation has emerged as a preferred investment destination and has recorded the highest ever annual FDI inflow of USD 83.57 Billion in FY21-22.

Madhya Pradesh has established itself as an investor-friendly state that provides advantages to businesses in all industries. The government of Madhya Pradesh is organising Global Investment Summit (GIS) preceded by Pravasi Bharatiya Divas being celebrated from **8th to 10th January 2023 at Indore**, Madhya Pradesh. The Institute of Chartered Accountants of India (ICAI) has been bestowed upon the proud privilege of partnering a session with the Government of Madhya Pradesh on **12th January 2023 in Global Investment Summit (GIS)** scheduled from 11th-12th January 2023.

To help investors understand the needs for business establishment and operations in the eight focus sectors identified by the government of Madhya Pradesh, namely the textiles, apparel, automobile, logistics, tourism, aerospace, defence, pharmaceuticals, food, and information technology sectors, the requisite information is being made available in the form of a ready reckoner. In line with the above, ICAI has come up with the information booklet "**Access to MP - Complete Business Solution curated by ICAI**" which aims to provide the readers a helpful perspective on the sector-specific advice for starting a new business in Madhya Pradesh as well as numerous pre and post compliances.

We acknowledge the contribution of Chartered Accountants from Indore; CA. Atul Gupta, CA. Kirti Joshi, CA. Anand Jain, CA. Atishay Khasgiwala, CA. Swapnil Bansal, CA. Shailendra Chabra, CA Rajat Dhanuka, CA. Amitesh Jain, CA. Swarnim Gupta, CA. Mausum Rathi, CA. Yash Khandelwal and CA. Palkesh Asawa towards the compilation of information.

We sincerely hope that the booklet shall certainly add to the knowledge and understanding of readers and would prove useful in context of its objective.



**CA. (Dr.)
Debashis Mitra**
President, ICAI



**CA. Aniket Sunil
Talati**
Vice-President, ICAI



**CA. Kemisha
Soni**
Chairperson,
Professional
Development
Committee



**CA. Sanjay Kumar
Agarwal**
Chairman,
Public Relations
Committee



ABOUT ICAI

The Institute of Chartered Accountants of India (ICAI) is a statutory body established by an Act of Parliament, viz. The Chartered Accountants Act, 1949 for regulating the profession of Chartered Accountancy in the country. The Institute functions under the administrative control of the Ministry of Corporate Affairs, Government of India. The ICAI is the second largest professional body of Chartered Accountants in the world, with a strong tradition of service to the Indian economy in public interest.

Over a period of time the ICAI has achieved recognition as a premier accounting body not only in the country but also globally, for maintaining highest standards in technical, ethical areas and for sustaining stringent examination and education standards. Since 1949, the profession has grown leaps and bounds in terms of members and student base.



MP HEART OF INDIA

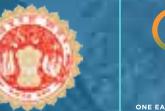
Madhya Pradesh, a state in the heart of India is the 2nd largest state by area and one of the fastest growing states with annual GSDP growth of over 8% CAGR over the last decade.

Madhya Pradesh, being centrally located provides all modes of logistics connectivity, including roads, rails & airports. Madhya Pradesh has made it to top three states in terms of production of food grains, oil seeds, milk and within top ten states in Cotton production.

Madhya Pradesh State, being an investor friendly state offers incentives to industries of all sectors. State government's policies ensures hand holding from ideation of project till commencement of operations and beyond.

This guide is to help investors understand the requirements for business establishment and operation in the 8 focus sectors identified by the government of Madhya Pradesh i.e., Textiles, Garments, Automobile, Logistics, Tourism, Aerospace, Defence, Pharmaceuticals, Food and Information Technology sectors.





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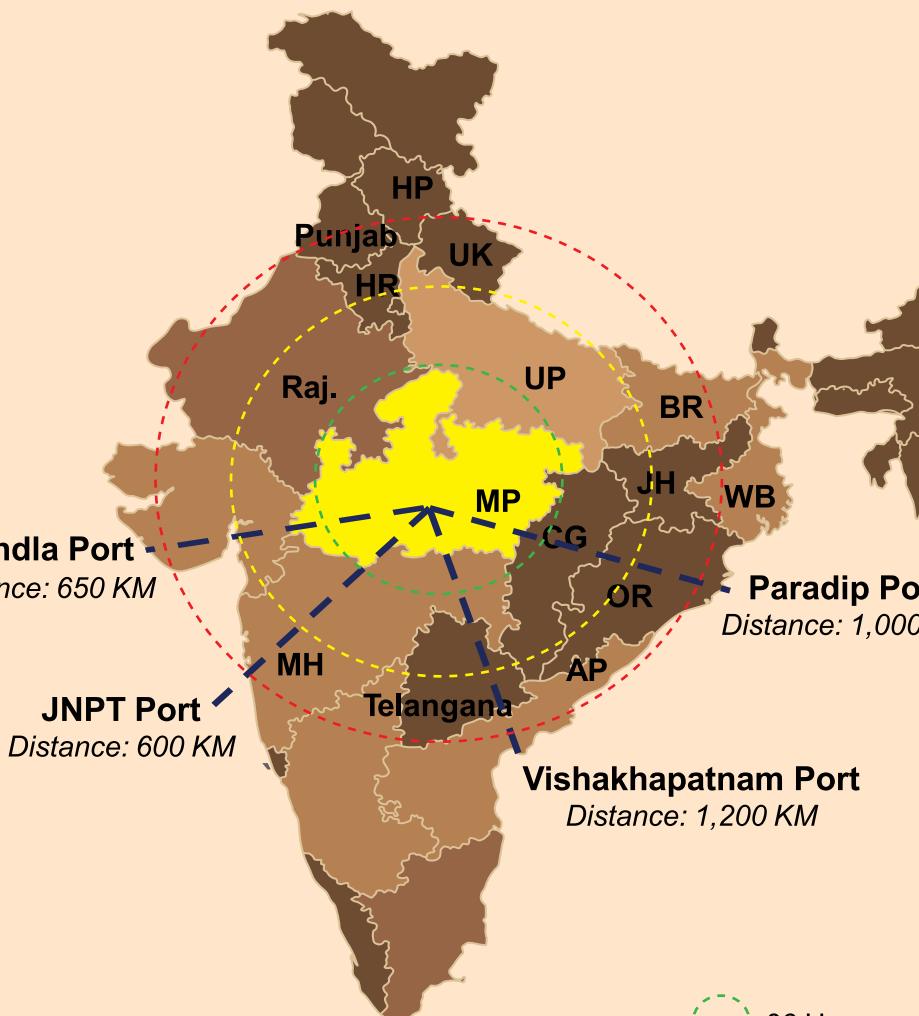
MADHYA PRADESH INDIA'S EMERGING ECONOMIC TIGER

YEAR	EXPORTS
2017-18	RS 33,842 cr
2018-19	RS 44,638 cr
2019-20	RS 37,692 cr
2020-21	RS 47,959 cr
2021-22	RS 58,407 cr

YEAR	INDORE SEZ	CRYSTAL IT PARK SEZ	IMPETUS SEZ
2017-18	RS 7,338 cr	RS 248 cr	RS 9 cr
2018-19	RS 9,450 cr	RS 334 cr	RS 25 cr
2019-20	RS 9,600 cr	RS 437 cr	RS 45 cr
2020-21	RS 11,944 cr	RS 452 cr	RS 543 cr
2021-22	RS 12,857 cr	RS 597 cr	RS 867 cr



Access to huge market



Location - Excellent Connectivity



MADHYA PRADESH CAN CATER TO ALL 4 REGIONS OF INDIA

 Gwalior
Catering to all major cities of North India

North Region
Jaipur(335),
Lucknow(335),
New Delhi(340),
Bikaner(675),
Dehradun(555),
Srinagar (1175)

 Ratlam
Equi distant from Delhi and Mumbai (700 kms) through Delhi Mumbai Expressway

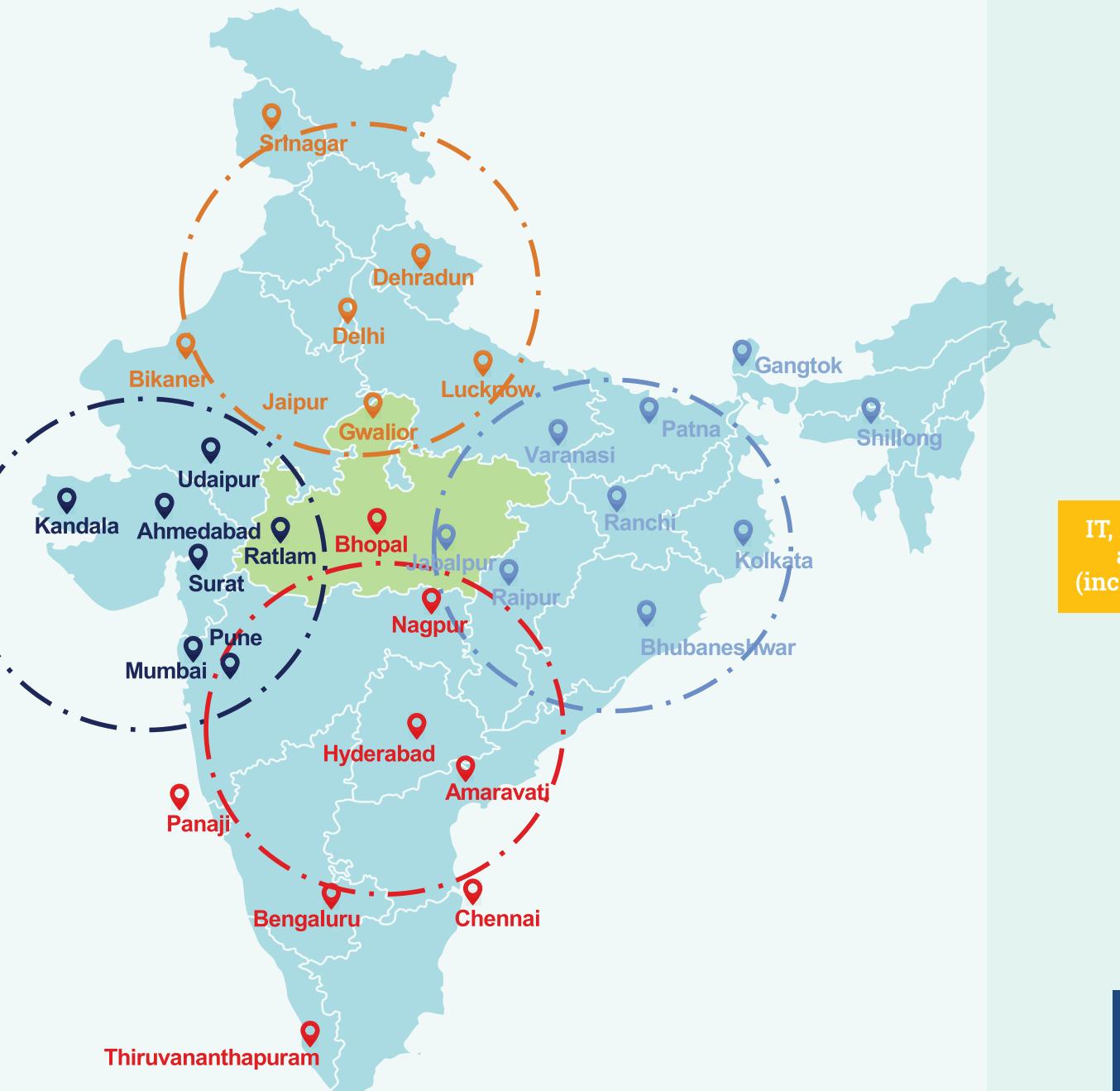
West Region
Ahmedabad(320),
Udaipur(240),
Surat(425), Kandla(620),
Mumbai(650),
Pune(678)

 Bhopal
Direct land, air and road connectivity

South Region
Nagpur(350),
Hyderabad(850),
Amaravati(1130),
Panaji(1235),
Bengaluru(1440),
Chennai(1475),
Thiruvananthapuram(2120)

 Jabalpur
Under influence zone of Narmada Progress Way and proximity fo North – South Corridor

East Region
Raipur(355), Ranchi(690),
Varanasi(460), Patna(700),
Bhubaneshwar(900),
Kolkata(1130),
Gangtok(1265),
Shillong(1700)



Map is representative only and not to scale.
Number represents distance in KMs.

MADHYA PRADESH'S PROMINENT INDUSTRIAL AREAS

Indore – Pithampur Economic Corridor Total Area : 1640 Ha

Pithampur, Dhar
Total Area: 2806 Ha Available Area: 167 Ha ICD Facility: Pithampur, Dhannad and Tihi (within 20 KM)

Dewas Investment Region
Total Area: 1322 Ha

IT, Pharma and Auto sector around Indore Region (incl. Dhar, Ujjain, Khandwa)

Ratlam Investment Region
Total Area: 1466 Ha

DMIC - Vikram Udyogpuri Ujjain
Total Area: 451 Ha Total Available Area: 203.3 Ha ICD Facility: Pithampur, 90 Km

Mandideep Industrial Area, Bhopal
Total Area: 1102 Ha Available Area: 900 Ha ICD Facility: Pawarkheda, 23 KM

Engineering, Textile, Healthcare around Bhopal region (incl. Hoshangabad, Sehore, Dewas)

Malanpur, Gwalior Industrial Area
Total Area: 1312.1 Ha Available Area: 165.2 Ha ICD Facility: Malanpur

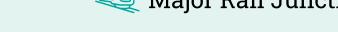
Electronics and Engineering sector in Gwalior Region

Satpura Industrial Park (Mohasa Babai)
Total Area: 1012 Ha Available Area: 900 Ha ICD Facility: Pawarkheda, 23 KM

Agriculture, Forest Produce and Defence, Mining and Mineral around Jabalpur Region



Airport



Major Rail Junctions

LABOUR

- One of the youngest states with median age 25 years as of 2016
- 62% of Population is in 15-59 age bracket as of 2016
- Competitive labour rates
- 2,00,000 technical professionals being added to the workforce every year
- Less than 0.5% man days lost due to strikes & lockouts
- Global Skills Park in Bhopal
- One of the lowest attrition rates



DOING BUSINESS IN MADHYA PRADESH

Madhya Pradesh has been consistently featuring among the 'Top Achievers' in EoDB rankings

Madhya Pradesh has been ranked 4th by DPIIT, Govt of India in the State Reform Action Plan 2019 and has been declared as the best performing state in Western region

Invest Portal: State's Single Window System (<https://invest.mp.gov.in/>) caters to the needs of the investors from allocation of land to approval of incentives and acts as a One Stop Solution for any business/ industry

45 services of 12 departments can be availed from the Portal



PRESENCE OF SEVERAL PREMIER COLLEGES



INDUSTRY FOCUSED TRAINING INSTITUTES

INDO GERMAN TOOL ROOM, INDORE

An initiative between Govt. of India and Federal Republic of Germany

PITHAMPUR AUTO CLUSTER LTD (PACL)

An initiative between Govt. of MP and Government of India.

MSME TECHNOLOGY CENTRE, BHOPAL

An initiative of Govt. of MP and Govt. of India

MINIMUM WAGES FOR SHOPS & ESTABLISHMENTS IN MADHYA PRADESH

IMPORTANT NOTE: THE MADHYA PRADESH MINIMUM WAGES NOTIFICATION (OCT 2021)

Effective from Date: 1st Oct, 2022

Updated as on: 30th Sep, 2022

Class of Employment	Basic Per day	Basic Per Month	VDA Per Day	VDA Per Month	Total Per Day	Total Per Month
Unskilled	250.00	6500.00	108.65	2825.00	359.00	9325.00
Semi-skilled	271.42	7057.00	120.19	3125.00	392.00	10182.00
Skilled	324.42	8435.00	120.19	3125.00	445.00	11560.00
Highly Skilled	374.42	9735.00	120.19	3125.00	495.00	12860.00

Download Latest Notification(s) Here: <https://www.datocms-assets.com/40521/1664800241-the-madhya-pradesh-minimum-wages-notification-oct-2022.pdf>

LEGAL ENTITY STRUCTURES

Choosing high legal entity structure is the most crucial decision for a business. A snapshot of legal entities and their imperatives are as below:

Particulars	Company	Limited Liability Partnership	Partnership	Proprietorship
Law	Companies Act 2013	LLP Act 2008	Indian Partnership Act, 1932	None
Registration	Ministry of Corporate Affairs	Ministry of Corporate Affairs	Firms and Societies	Local Body Registration
Min number of members	OPC-1, Private-2, Public-7	2	2	1
Transferability	Share Transfer	Admission and Retirement of Partners	Admission and Retirement of Partners	Acquisition or Inheritance of Business
Capital Investment	Minimum One Lakh Rupees	No minimum capital	No minimum capital	No minimum capital
Time Period of Formation	7-15 Days	1-3 Days	1-3 Days	1 Day
Liability	Liability is limited up to unpaid shares value	Liability is limited up to capital value	Unlimited Liability. Personal assets can be used to pay off debts	Unlimited Liability. Personal assets can be used to pay off debts
Dissolution	Voluntary or by order of NCLT (National Company Law Tribunal)	Voluntary or by order of NCLT (National Company Law Tribunal)	By agreement, mutual consent, insolvency, death	By Death or Insolvency
Taxation	22% to 25%	30%	30%	Slab Tax Rates- 5% to 30%

FOREIGN DIRECT INVESTMENT

A foreign direct investment (FDI) is an investment in the form of controlling ownership in a business in one country by an entity based in another country.

In simple words, generally, FDI is when a foreign entity acquires ownership or controlling stake in the shares of a company in one country, or establishes businesses there.

Investment climate in India has improved considerably since the opening up of the economy in 1991. This is primarily attributed to ease in FDI rules in India. India, today is a part of the top 100 clubs on Ease of Doing Business (EoDB). FDI inflows in India stood at \$45.15 bn in 2014-15 and have consistently increased since then. Moreover, total FDI inflow grew by 65.3%, i.e., from \$266.21 bn in 2007-14 to \$440.01 bn in 2014-21 and FDI equity inflow also increased by 68.6% from \$185.03 bn during 2007-14 to \$312.05 bn (2014-21).

India has attracted a total FDI inflow of \$27.37 bn during the first four months of F.Y. 2021-22 which is 62% higher as compared to the corresponding period of F.Y. 2020-21 (\$ 16.92 bn).

India received the highest annual FDI inflows of \$84,835 Mn in FY 21-22

overtaking last year's FDI by \$2.87 bn. Also, FDI equity inflow in FY 2021-22 were \$ 59,825 Mn.

FDI Equity inflow in Manufacturing Sectors have increased by 76% in FY 2021-22 (\$ 21.34 bn) compared to previous FY 2020-21 (\$ 12.09 bn).

Total FDI inflows in the country in the last 22 years (April 2000 - March 2022) are \$ 847 bn while the total FDI inflows received in the last 8 years (April 2014-March 2022) was \$ 523 bn which amounts to nearly 40% of total FDI inflow in last 22 years.

In FY 2014-15, FDI inflow in India stood at mere \$ 45.15 bn, which increased to \$ 60.22 bn in 2016-17 and further to the highest ever annual FDI inflow of \$ 83.57 bn reported during the FY 2021-22.

Singapore (27.01%), USA (17.94%), Mauritius (15.98%), Netherland (7.86%) and Switzerland (7.31%) emerge as top 5 countries for FDI equity inflows into India FY 2021-22.

sources: <https://www.investindia.gov.in/foreign-direct-investment>

FDI ENTRY ROUTES IN INDIA

Category 1: 100% FDI permitted through Automatic Route

Category 2: Up to 100% FDI permitted through Government Route

Category 3: Up to 100% FDI permitted through Automatic + Government Route

Category 1 - AUTOMATIC ROUTE

Under the Automatic Route, the non-resident investor or the Indian company does not require any approval from Government of India for the investment and can invest directly in following in the Automatic Route Category.

Category 2 - GOVERNMENT ROUTE

Under the Government Route, prior to investment, approval from the Government of India is required. Proposals for foreign direct investment under Government route, are considered by respective Administrative Ministry/ Department.

SECTOR SPECIFIC LIMITS FOR FDI

SECTOR	AUTOMATIC	GOVERNMENT
Food Processing	100%	-
Textiles & Garments	100%	-
Pharma & Healthcare		
- Greenfield Projects	100%	-
- Brownfield Projects	up to 74%	Above 74%
Construction of Hospitals	100%	-
Healthcare		
- Greenfield Projects	100%	-
- Brownfield Projects	up to 74%	Above 74%
Automobiles	100%	-
Construction Development: Townships, Housing, Built-up Infrastructure	100%	-
Electronic Systems	100%	-
IT and BPM	100%	-
Tourism & Hospitality	100%	-
Air Transport Services (non-scheduled and other services under civil aviation sector)	100%	-
Air Transport Services (Scheduled air transport services, regional air transport services)	up to 49%	Above 49%
Airports (Greenfield & Brownfield)	100%	-
Other services under Civil Aviation sector (Maintenance and Repair organizations; flying training institutes; and technical training institutions.)	100%	-
Other services under Civil Aviation sector (Ground Handling Services subject to sectoral regulations and security clearance)	100%	-
Defence	up to 74%	Above 74%

source: <https://www.investindia.gov.in/foreign-direct-investment>

PROCEDURE FOR GOVERNMENT APPROVAL

a. Filing of Application

Proposal for foreign investment, along with supporting documents to be filed online, on the Foreign Investment Facilitation Portal, at the following url: www.fifp.gov.in/

b. Internal Procedure for Approvals

b.i) DPIIT will identify the concerned Ministry/ Department and thereafter, circulate the proposal within 2 days. In addition, once the proposal is received, the same would also be circulated online to the RBI within 2 days for comments from FEMA perspective.

b.ii) Proposed investments from Pakistan and Bangladesh would also require clearance from the Ministry of Home Affairs.

b.iii) DPIIT would be required to provide its comments within 4 weeks from receipt of an online application, & Ministry of Home Affairs (if applicable) to provide comments within 6 weeks.

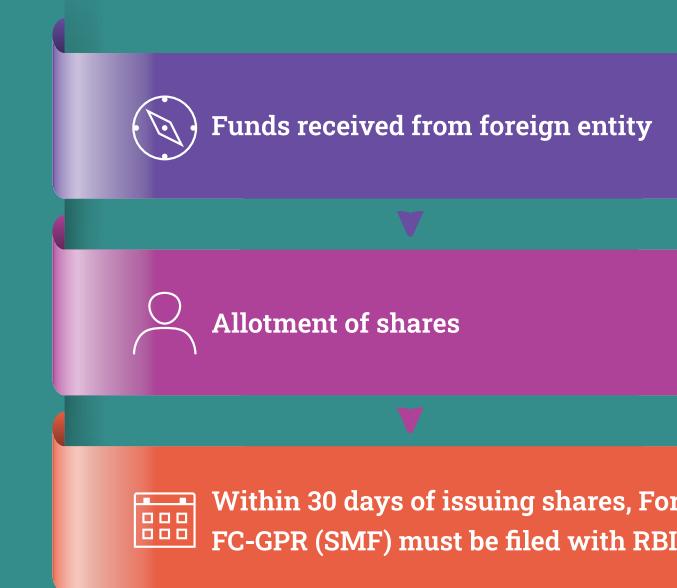
b.iv) Pursuant to the above, additional information/ clarifications may be asked from the applicant which is to be provided within 1 week.

b.v) Proposals involving FDI exceeding INR 50bn (approx. \$ 775 Mn) shall be placed before the Cabinet Committee of Economic Affairs.

c. Final Approval

Once the proposal is complete in all respects, the same gets approved within 8-10 weeks.

FDI REPORTING REQUIREMENTS



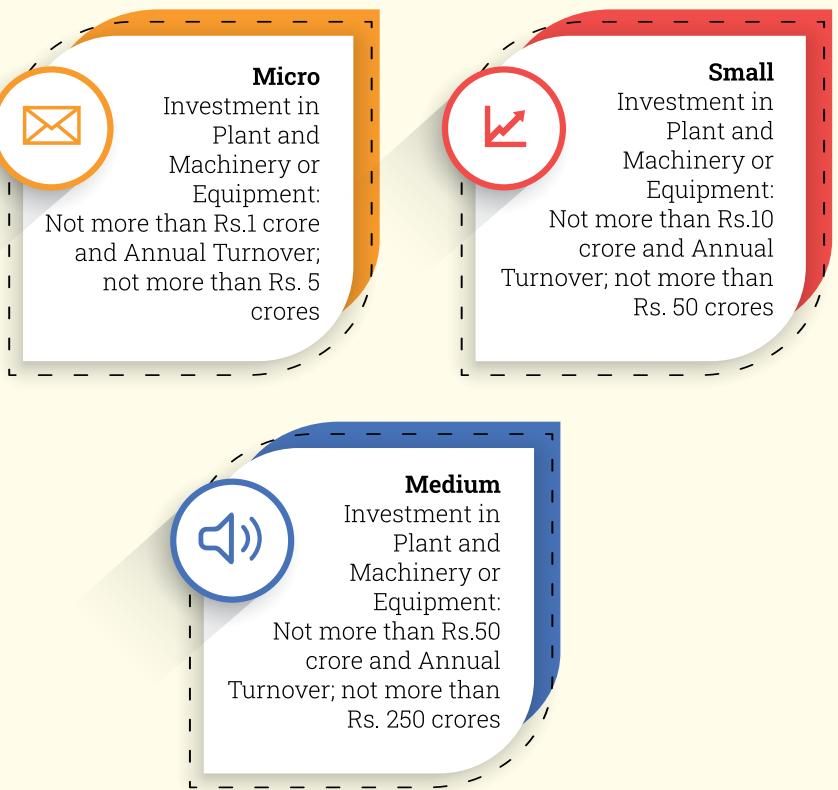
FC-GPR Form: FC-GPR is applied when entity receives foreign investment, and against such investment, the entity allots shares to the foreign investors. If the same happens, then the entity should file details of such allotment of shares with the Reserve Bank of India within 30 days under the RBI compliances for FDI.

MSME BENEFITS - UDHYAM

The Ministry of Micro, Small, and Medium Enterprises introduced MSME / Udyam Registration to classify MSMEs in India and provide them with the due benefits. Registering your business as Udyam has a plethora of benefits. However, it's necessary to fulfil the eligibility criteria and possess the required documents to complete your MSME/ Udyam registration.

Composite Criteria: Investment in Plant & Machinery/equipment and Annual Turnover

Classification: Manufacturing Enterprises and Enterprises rendering Services



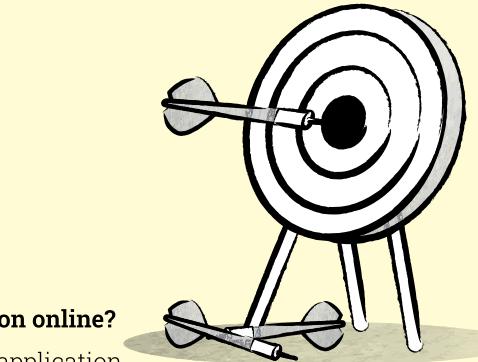
Schemes for MSME

Government of India has rolled out various promotional schemes for registered MSME in India namely;

1. Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE)
2. Micro & Small Enterprises Cluster Development Programme (MSE-CDP) Scheme
3. Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
4. Entrepreneurship Skill Development Programme (ESDP) Scheme
5. Assistance to Training Institutions (ATI) Scheme
6. Coir Vikas Yojana
7. Procurement and Marketing Support (PMS) Scheme
8. International Cooperation (IC) Scheme
9. National SC-ST Hub Scheme
10. Khadi Gramodyog Vikas Yojana
 - I) Khadi Vikas Yojana
 - II) Gramodyog Vikas Yojana
11. Tool Rooms and Technical Institutions
12. Infrastructure Development & Capacity Building scheme
13. MSME Champions Scheme
 - I) MSME Sustainable (ZED) Certification
 - II) MSME- Innovative (Incubation, IPR and Design)
14. Credit Guarantee Scheme for Subordinate Debt (CGSSD) for stressed MSMEs

Detailed scheme document can be referred from: www.msme.gov.in

INTENTION TO INVEST IN MADHYA PRADESH



1. What are the advantages of filing an application online?

There are various advantages of filing an online application

- a) All the applications across various departments are available online on INVEST Portal (www.invest.mp.gov.in)

• Pre-requisite clearances (Land allotment) • Pre-establishment approvals • Pre-operation approvals • Other approvals • Renewals • Incentives

- b) Investor can upload all documents for all required applications

c) Investor would also know the status of the application online on Investor

2. How do I get started?

An investor will have to create Login ID and password. Further, an investor may login and apply for necessary approvals required for setting up a business.

3. Do I need to approach any other Department to complete my approval process?

Investor do not have to approach any department for taking any approvals. All the processes can be completed online via www.invest.mp.gov.in

4. After applying for services through INVEST Portal, how do I know the status of my application? Do I need to contact the department for status update?

INVEST Portal is integrated with other department systems and online portal. An investor can check the current status of application via INVEST Portal at the application dashboard. The user will also get an email or SMS upon any change of the status of his/her application.

5. Is it mandatory to attach soft copies of required documents with online forms?

It is mandatory that all required documents to be uploaded as mentioned in the online application form for that specific service.



LAND ALLOTMENT MECHANISM IN MADHYA PRADESH

Availability of land is a primary requisite for sustainable industrial development. The M.P. Government has substantial availability of both government and private land parcels for industrial development. In order to further enhance the rate of industrialization, the State Government shall make land available at a competitive price to the investors.

In case an investor requires government land for the industrial project, he/she can apply for land using MP Industry Land Bank portal, land will be allotted as per the Madhya Pradesh Rajya adhyogik Bhumi Bhawan Prabandhan Adhiniyam 2019 published in Gazette dated 10 January 2020 (Amended 2022).

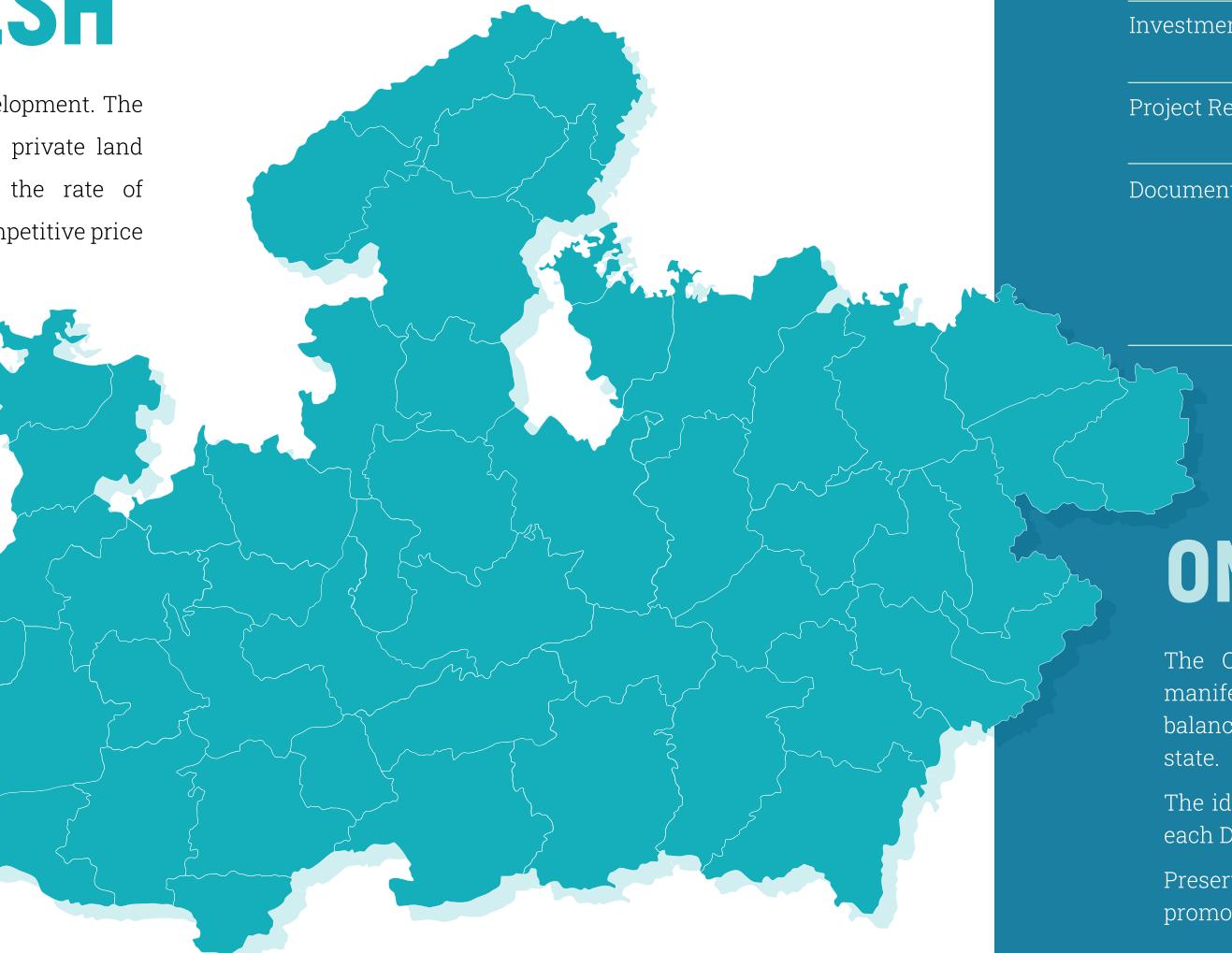
The feature offers investors an option to view empty plot in a developed/undeveloped industrial area and apply for its allotment.

After plot selection, investor needs to pay 25% of Land Rate online and after verification by the concerned regional office, he/she will be issued a LoI on First Come First Serve basis.

MP Industrial Development Corporation Ltd. (MPIDC) is the Single Window Secretariat for Investment Promotion and Facilitation in Madhya Pradesh.

Link for land Availability:

https://invest.mp.gov.in/public-service/land_availability_report



Brief Details of Applicant	<ul style="list-style-type: none">• Applicant details such as name, unit name, etc.• Proposed location details• Address of the applicant• Name and details of the authorized Signatory• Products
Details of products and services to be manufactured	<ul style="list-style-type: none">• Self-declaration for MSME / Industrial License / IEM Investments
Investment	<ul style="list-style-type: none">• Details of proposed investment• Details of proposed employment• Source of finance for the project (e.g., Own fund, Institutional Fund, Loan, etc.)
Project Requirement	<ul style="list-style-type: none">• Details and area of land required for the project• Approximate time for implementation of the project• Power requirement• Water requirement
Document Required	<ul style="list-style-type: none">• Scanned Applicant Signature & Photo• Scanned copy of PAN Card• Copy of Board Resolution for Authorized Signatory or Power of Attorney• Copy of Board Resolution for Establishing the project• Self-declaration For MSME or IEM or Industry License• Copy of RTGS/NEFT (Original RTGS Receipt/NEFT to be submitted at Concerned MPIDC)• Memorandum and Articles of Association of the Company• Project Profile/ Executive Report• Layout Plan

ONE DISTRICT ONE PRODUCT (ODOP)

The ODOP initiative in Madhya Pradesh is aimed at manifesting the vision of the Hon'ble Prime Minister to boost balanced regional development across all districts in the state.

The idea is to select, brand, and promote One Product from each District of the Madhya Pradesh.

Preservation and development of local craft/skills and promotion of indigenous knowledge.

ODOP Action Plan

- > To promote local processing of agriculture and horticulture commodities.
- > To promote districts of the states as export hub.
- > To provide ecosystem for Innovation/ use of Technology at District level to make them competitive with domestic as well as international market.
- > To adopt this initiative tentative products have been identified from 52 districts of Madhya Pradesh

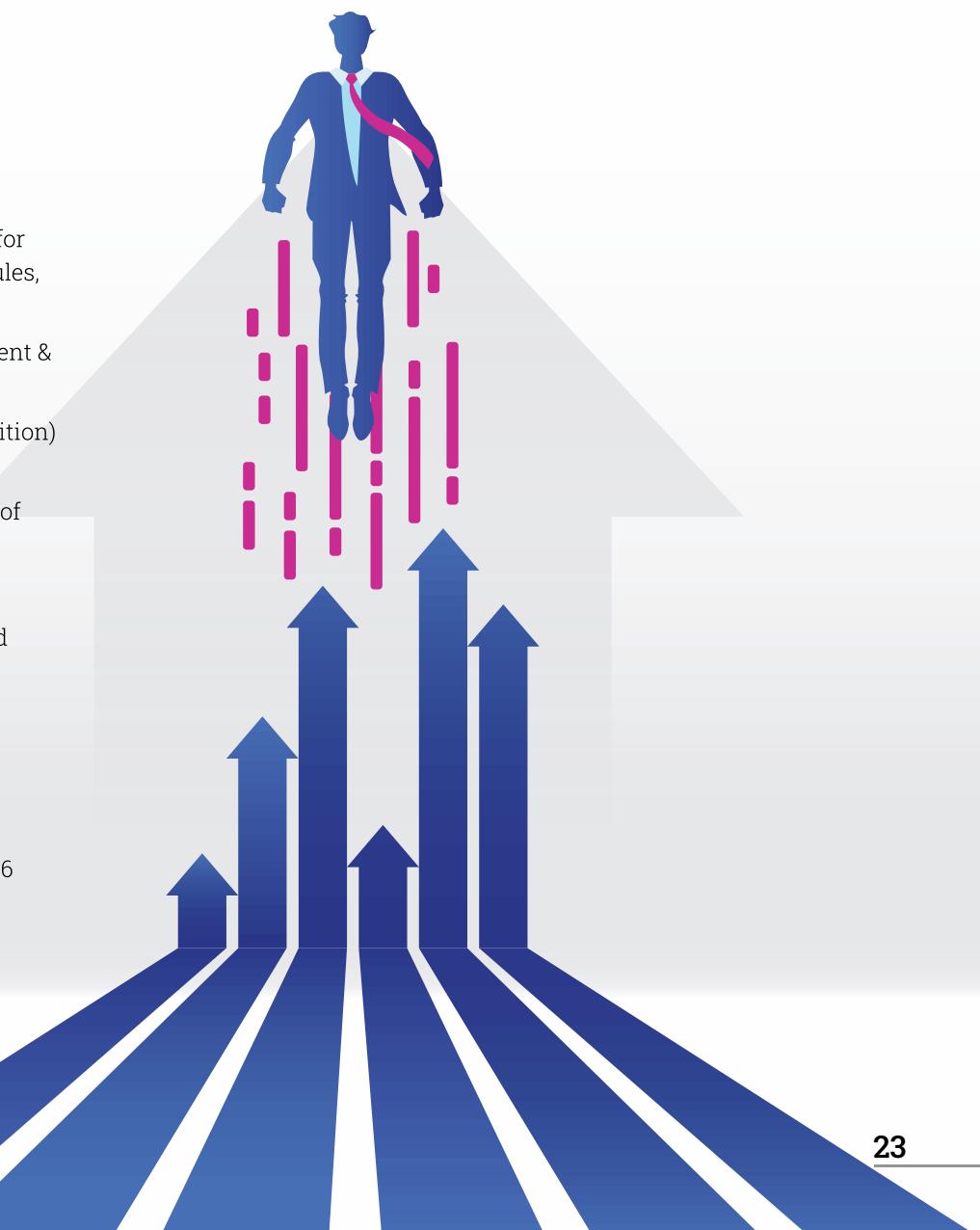
Link to identify ODOP products: <https://mptradeportal.org/ODOP>

KEY PRE-ESTABLISHMENT APPROVALS IN MADHYA PRADESH (FOCUS SECTORS)

Approval/Clearance	Food Processing	Textile & Garments	Pharmaceuticals & Healthcare	Automobile	Logistics & Warehousing	IT& ESDM	Tourism	Aerospace & Defence
Approval for new electricity connection LT/HT	✓	✓	✓	✓	✓	✓	✓	✓
Building Construction Permission	✓	✓	✓	✓	✓	✓	✓	✓
Water Connection	✓	✓	✓	✓	✓	✓	✓	✓
Approval of Factory Plan/Layout	✓	✓	✓	✓	✓	✓ ESDM	✗	✓
Fire NOC	✓	✓	✓	✓	✓	✓	✓	✓
Tree Cutting and Tree Transit NOC	✓	✓	✓	✓	✓	✓	✓	✓
Consent to Establish Under Water act 1974 and Air act 1981 from M.P. Pollution Control Board. (Pharma, Manufacturing, Food)	✓	✓	✓	✓	✓	✓ ESDM	✗	✓

KEY PRE-OPERATIONS APPROVALS IN MADHYA PRADESH

- Consent to Operate Under Water act 1974 and Air act 1981 and Authorization for Hazardous and other waste (Management and Transboundary Movement) Rules, 2016
- Registration under the Interstate Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979
- Registration of Principal Employer under Contract Labour (Regulation & Abolition) Act 1970
- Registration under the Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996
- Trade License – Local Body
- Charging permission for electrical installation of 132 KV (or above), if required
- GST Registration
- Professional Tax Registration
- Registration of Boiler (Pharma, Manufacturing, Food)
- Drug Manufacturing License (Pharma)
- Authorization under Section 10 of Bio-Medical Waste Management Rules, 2016 (Pharma)
- License under the Factories Act, 1948 (Manufacturing)
- License/ Registration for FSSAI (Food)
- Authorization under E - Waste (Management) Rules, 2016 (IT & ESDM)
- Udyam Registration / IEM (MSME)



KEY PRE-OPERATIONS APPROVALS (FOCUS SECTORS)

Approval/Clearance	Food Processing	Textile & Garments	Pharmaceuticals & Healthcare	Automobile	Logistics & Warehousing	IT& ESDM	Tourism	Aerospace & Defence
Consent to Operate Under Water act 1974 and Air act 1981 and Authorization for Hazardous and other waste (Management and Transboundary Movement) Rules, 2016	✓	✓	✓	✓	✓	✓ ESDM	✗	✓
Registration under the Interstate Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979	✓	✓	✓	✓	✓	✓	✓	✓
Registration of Principal Employer under Contract Labour (Regulation & Abolition) Act 1970	✓	✓	✓	✓	✓	✓	✓	✓
Registration under the Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996	✓	✓	✓	✓	✓	✓	✓	✓
Trade License – Local Body	✓	✓	✓	✓	✓	✓	✓	✓
Charging permission for electrical installation of 132 KV (or above), if required	✓	✓	✓	✓	✓	✓ ESDM	✗	✓
GST Registration	✓	✓	✓	✓	✓	✓	✓	✓
Professional Tax Registration	✓	✓	✓	✓	✓	✓	✓	✓
Registration of Boiler	✓	✗	✓	✗	✗	✗	✗	✗
Drug Manufacturing License	✗	✗	✓	✗	✗	✗	✗	✗
Authorization under Section 10 of Bio-Medical Waste Management Rules, 2016	✗	✗	✓	✗	✗	✗	✗	✗
License under the Factories Act, 1948	✓	✓	✓	✓	✗	✓ ESDM	✗	✓
LICENSE/ REGISTRATION FOR FSSAI	✓	✗	✗	✗	✗	✗	✗	✗
Authorization under E - Waste (Management) Rules, 2016	✗	✗	✗	✗	✗	✓ ESDM	✗	✗
Udhyam Registration / IEM	✓	✓	✓	✓	✓	✓	✓	✓

INVEST Portal allows users to know about the approvals required for a particular industry. A list of all pre-establishment and pre-operation approvals are also hosted on the portal www.invest.mp.gov.in

KEY POST-OPERATIONS APPROVALS IN MADHYA PRADESH

- License under M.P. Shops & Establishment Act, 1958 & M.P. Rules 1959 (Service & Retail Industry)
- License under Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- License under Employees' State Insurance Act, 1948 (ESI Act)



INVESTMENT INCENTIVES IN MADHYA PRADESH

The state has prepared a strategic roadmap to achieve the policy objectives through a combination of both fiscal and non-fiscal interventions. These policy interventions shall enhance the industrial competitiveness resulting in substantial increase of private sector investment in the state.

(Source: <https://invest.mp.gov.in/policy-acts-rules/>)

SALIENT FEATURES OF MP MSME DEVELOPMENT POLICY 2021

Benefit Type	INVESTMENT IN PLANT AND MACHINERY UPTO INR 10 CRORES	INVESTMENT IN PLANT AND MACHINERY ABOVE INR 10 CRORES AND LESS THAN 50 CRORES
Capital Subsidy in Plant & Machinery and building	40% to MSMEs Additional 2%-2.5% per annum for SC/ST/Women for 4 years Additional incentives 2%-3% per annum for Exporting MSMEs for 4 years	Depending on Gross Supply Value Material, Employment Multiple, Export Multiple and Geographical Multiple
Energy Audit	50% of audit cost or INR 50,000 and 25% for adoption of equipment and machinery up to ₹5 Lakhs	NIL
Patents/IPR Registration	100% of cost up to ₹5 Lakhs	
Quality Certifications	100% expense reimbursement up to ₹5 Lakhs (Up to ₹25 Lakhs investment in P&M)	NIL
ZED Certification	GoI provides assistance @ 80%, 60% and 50% to micro, small and medium units respectively. GoMP will provide assistance up to 50% of the balance amount.	NIL
Expansion/Diversification/Technical up-gradation	Micro scale industrial units - additional investment of Rs. 40 Lakhs or more in plant & machinery Small scale industrial units - additional investment of Rs. 100 Lakhs or more in plant & machinery Medium scale industrial units - additional investment of Rs. 10 crores or 30% of existing investment in plant & machinery	NIL



SPECIAL CONCESSIONS FOR FOCUS SECTORS

Sector	INVESTMENT IN PLANT AND MACHINERY UPTO INR 10 CRORES	INVESTMENT IN PLANT AND MACHINERY ABOVE INR 10 CRORES AND LESS THAN 50 CRORES
POWER LOOM SECTOR	> 25% of upgradation cost of power loom subject to a maximum of 10 looms in a unit > Electricity Concession @ ₹1.50 per unit for 20HP and @ ₹1.25 per unit for > 20HP and up to 150HP	Nil
PHARMA SECTOR	> 50% of expenditure incurred subject to maximum ₹50 Lakhs for obtaining certificate of Good Manufacturing Practices (GMP) & USFDA > Assistance @ 50% of the expenditure incurred for establishment of pharmaceutical labs with maximum limit of ₹25 Lakhs	Shall be eligible to avail a slack period of up to two years from the date of commercial production in the unit for claiming incentives
APPAREL SECTOR	₹ 2500 pm per person to apparel units (max ₹5 Lakhs per Year for 5 years) manufacturing units having at least Rs. 1.00 crore and up to Rs. 10 crores invested in plant & machinery & minimum 25 regular employee, will be provided 25 percent of salary	Interest subsidy on Term loan for P&M (ATUFS) Investment in fixed assets: @5% for 7 years, max of ₹5 Cr Training expenses reimbursement of Rs. 13000 per new employee for 5 years Exemption on Electricity Duty for 7 years and Power Tariff fixed @₹5 per unit for 5 years Employment Generation Subsidy: Max. ₹5000 PM for every new employee for 5 years Reimbursement of Stamp Duty & registration fee.
FOOD PROCESSING SECTOR	NIL	To Industrial Units having New High Tension Connection assistance @₹1 per unit or 20% whichever is less Mandi Fee Exemption: Max. 50% of Investment or up to 5 years Food Park: 15% of project cost (Max. ₹5 Cr)
TEXTILE	NIL	Interest subsidy on Term loan for P&M (ATUFS) Investment up to ₹25 Cr in fixed assets: @2% for 5 years, max of ₹5 Cr Investment more than ₹25 Cr in fixed assets: @5% for 5 years New Composite Units (Investment more than ₹25 Cr in fixed assets): @ 7 % for 5 years Exemption on Electricity Duty for 7 years and Power Tariff fixed @₹5 per unit for 5 years Employment Generation Subsidy: Max. ₹5000 PM for every new employee for 5 years Reimbursement of Training expense and Stamp Duty & registration fee.



SECTOR SPECIFIC BUSINESS GUIDE

FOOD PROCESSING SECTOR

Abundance of raw materials like grains, oilseeds, horticulture, floriculture and medicinal plants. Madhya Pradesh boasts of unique varieties like scented rice, Sharbati and durum wheat, millets such as Kodo Kutki. Madhya Pradesh is among top three producers of food grains, oilseeds across India, also 3rd largest milk producer in India. Winner of "Krishi Karman Award" from last 5 Yrs.

Madhya Pradesh has been forging its way ahead in food processing. Presence of marquee investors like ITC, Britannia, Dabur are a testimonial of the success story of MP's thriving food processing sector. Madhya Pradesh's 52 districts are part of One District One Products scheme focussing on 20 agricultural produces. Two mega food parks are already established and working, with ready infrastructure for more food parks.

Madhya Pradesh is the ideal location for your food processing business.

1. KEY PRE-ESTABLISHMENT APPROVALS

Approval/Clearance	Food Processing
Approval for new electricity connection LT/HT	✓
Building Construction Permission	✓
Water Connection	✓
Approval of Factory Plan/Layout	✓
Fire NOC	✓
Tree Cutting and Tree Transit NOC	✓
Consent to Establish Under Water act 1974 and Air act 1981 from M.P. Pollution Control Board. (Pharma, Manufacturing, Food)	✓

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2. KEY PRE-OPERATIONS APPROVALS

Approval/Clearance	Food Processing
Consent to Operate Under Water act 1974 and Air act 1981 and Authorization for Hazardous and other waste (Management and Transboundary Movement) Rules, 2016	✓
Registration under the Interstate Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979	✓
Registration of Principal Employer under Contract Labour (Regulation & Abolition) Act 1970	✓
Registration under the Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996	✓
Trade License – Local Body	✓
Charging permission for electrical installation of 132 KV (or above), if required	✓
GST Registration	✓
Professional Tax Registration	✓
Registration of Boiler	✓
Drug Manufacturing License	✗
Authorization under Section 10 of Bio-Medical Waste Management Rules, 2016	✗
License under the Factories Act, 1948	✓
License/ Registration for FSSAI	✓
Authorization under E - Waste (Management) Rules, 2016	✗
Udhyam Registration / IEM	✓

KEY POST-OPERATIONS APPROVALS

- License under Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- License under Employees' State Insurance Act, 1948 (ESI Act)

GENERAL INVESTMENT INCENTIVES

The state has prepared a strategic roadmap to achieve the policy objectives through a combination of both fiscal and non-fiscal interventions. These policy interventions shall enhance the industrial competitiveness resulting in substantial increase of private sector investment in the state.
(source: <https://invest.mp.gov.in/policy-acts-rules/>)

*Kindly refer page 26 for details

SPECIAL CONCESSIONS

Sector	INVESTMENT IN PLANT AND MACHINERY UPTO INR 10 CRORES	INVESTMENT IN PLANT AND MACHINERY ABOVE INR 10 CRORES AND LESS THAN 50 CRORES
FOOD PROCESSING SECTOR	NIL	To Industrial Units having New High Tension Connection assistance @₹1 per unit or 20% whichever is less Mandi Fee Exemption: Max. 50% of Investment or up to 5 years Food Park : 15% of project cost (Max. ₹5 Cr)



TEXTILES & GARMENTS SECTOR

Availability of Raw Material

- State offers easy availability of raw materials like cotton, silk and Manmade fibre
- Currently more than 60 large textile mills, thousands of looms & millions of spindles operating in MP
- MP accounts for 43% of India's and 24% of the world's organic cotton production
- Readymade garment cluster at Indore houses over 1,200 units with an Apparel design centre at Indore SEZ
- World class textile focussed design and technology institutes like NIFT, NID, IITDM.

Competitive Cost of Production

- Competitive distribution (i.e. Logistics) cost
- Skilled human resources at affordable rates
- Competitive power charges
- Economical land rates
- Ujjain, Dewas, Bhopal, Sehore, Raisen Chhindwara, Burhanpur, Dhar, Khargone, Jabalpur, Khandwa and Gwalior are major textile centres

KEY PRE-ESTABLISHMENT APPROVALS

Approval/Clearance

Textile & Garments

Approval for new electricity connection LT/HT	
Building Construction Permission	
Water Connection	
Approval of Factory Plan/Layout	
Fire NOC	
Tree Cutting and Tree Transit NOC	
Consent to Establish Under Water act 197 and Air act 1981 from M.P. Pollution Control Board. (Pharma, Manufacturing, Food)	

1. KEY PRE-OPERATIONS APPROVALS

Approval/Clearance	Textile & Garments
Consent to Operate Under Water act 1974 and Air act 1981 and Authorization for Hazardous and other waste (Management and Transboundary Movement) Rules, 2016	
Registration under the Interstate Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979	
Registration of Principal Employer under Contract Labour (Regulation & Abolition) Act 1970	
Registration under the Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996	
Trade License – Local Body	
Charging permission for electrical installation of 132 KV (or above), if required	
GST Registration	
Professional Tax Registration	
Registration of Boiler	
Drug Manufacturing License	
Authorization under Section 10 of Bio-Medical Waste Management Rules, 2016	
License under the Factories Act, 1948	
License/ Registration for FSSAI	
Authorization under E - Waste (Management) Rules, 2016	
Udyam Registration / IEM	

INVEST Portal allows users to know about the approvals required for a particular industry. A list of all pre-establishment and pre-operation approvals are also hosted on the portal www.invest.mp.gov.in.

KEY POST-OPERATIONS APPROVALS

- License under M.P. Shops & Establishment Act, 1958 & M.P. Rules 1959 (Retail Outlets)
- License under Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- License under Employees' State Insurance Act, 1948 (ESI Act)

GENERAL INVESTMENT INCENTIVES

The state has prepared a strategic roadmap to achieve the policy objectives through a combination of both fiscal and non-fiscal interventions. These policy interventions shall enhance the industrial competitiveness resulting in substantial increase of private sector investment in the state.
(source: <https://invest.mp.gov.in/policy-acts-rules/>)

*Kindly refer page 26 for details

SPECIAL CONCESSIONS

Investments made in Garment sector more than INR 25 Crores will be eligible for customised incentives

Sector	INVESTMENT IN PLANT AND MACHINERY ABOVE INR 10 CRORES AND LESS THAN 50 CRORES	INVESTMENT IN PLANT AND MACHINERY ABOVE INR 10 CRORES AND LESS THAN 50 CRORES
		APPAREL SECTOR
	₹ 2500 pm per person to apparel units (max ₹5 Lakhs per Year for 5 years) manufacturing units having at least Rs. 1.00 crore and upto Rs. 10 crores invested in plant & machinery & minimum 25 regular employee, will be provided 25 percent of salary	Interest subsidy on Term loan for P&M (ATUFS) Investment in fixed assets : @5% for 7 years, max of ₹5 Cr Training expenses reimbursement of Rs. 13000 per new employee for 5 years Exemption on Electricity Duty for 7 years and Power Tariff fixed @₹5 per unit for 5 years Employment Generation Subsidy: Max. ₹5000 PM for every new employee for 5 years Reimbursement of Stamp Duty & registration fee.
TEXTILE	NIL	Interest subsidy on Term loan for P&M (ATUFS) Investment Upto ₹25 Cr in fixed assets : @2% for 5 years, max of ₹5 Cr Investment more than ₹25 Cr in fixed assets : @5% for 5 years New Composite Units (Investment more than ₹25 Cr in fixed assets) : @ 7 % for 5 years Exemption on Electricity Duty for 7 years and Power Tariff fixed @₹5 per unit for 5 years Employment Generation Subsidy: Max. ₹5000 PM for every new employee for 5 years Reimbursement of Training expense and Stamp Duty & registration fee.

PHARMACEUTICALS & HEALTHCARE SECTOR

GIVING INDIA THE EDGE OF PHARMACEUTICALS

COST LEADERSHIP	Cost of production of pharmaceuticals in India is -60% lower than that of US and almost half of that of Europe
DIVERSE RANGE OF PRODUCTS	Over 60000 generic brands across 60 therapeutic categories are manufactured in India
GLOBALLY RECOGNIZED CAPABILITIES	Out of all drug master filings from India, 49% are registered in the USA
LEADER IN DRUG APPLICATIONS	Indian Pharmaceutical industry accounts for the second largest number of Abbreviated New Drug Applications (ANDAs).
LEADER IN MEDICAL TOURISM	The value of medical tourism in India is expected to reach US\$ 9 billion by 2020
FDI	Up to 100% FDI is allowed for manufacturing of Medical devices / Equipment
CONDUCTIVE PATENT REGIME	Patents for branded molecules with cumulative global sales of Over US\$251 billion are expected to expire between 2018-2024

KEY PRE-ESTABLISHMENT APPROVALS

Approval/Clearance	Pharmaceuticals & Healthcare
Approval for new electricity connection LT/HT	✓
Building Construction Permission	✓
Water Connection	✓
Approval of Factory Plan/Layout	✓
Fire NOC	✓
Tree Cutting and Tree Transit NOC	✓
Consent to Establish Under Water Act 1974 and Air Act 1981 from M.P. Pollution Control Board (Pharma, Manufacturing, Food)	✓

KEY PRE-OPERATIONS APPROVALS

Approval/Clearance	Pharmaceuticals & Healthcare
Consent to Operate Under Water Act 1974 and Air Act 1981 and Authorization for Hazardous and other waste (Management and Transboundary Movement) Rules, 2016	✓
Registration under the Interstate Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979	✓
Registration of Principal Employer under Contract Labour (Regulation & Abolition) Act 1970	✓
Registration under the Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996	✓
Trade License – Local Body	✓
Charging permission for electrical installation of 132 KV (or above), if required	✓
GST Registration	✓
Professional Tax Registration	✓
Registration of Boiler	✓
Drug Manufacturing License	✓
Authorization under Section 10 of Bio-Medical Waste Management Rules, 2016	✓
License under the Factories Act, 1948	✓
License/ Registration for FSSAI	✗
Authorization under E-Waste (Management) Rules, 2016	✗
Udyam Registration / IEM	✓

Super Specialty	PG Seats	Private Colleges
7860 (19-20) Bed Capacity	689 (19-20) Current Intake 1	1150(19-20) MBBS Intake
16750 (21-22) Proposed Bed Capacity	338 (20-21) proposed intake	1220 (19-20) BDS Intake
Total Beds available Across Hospitals	81,862	
Government colleges	Government colleges	DM/MCH Seats (Super Specialty)
13 medical and 1 Dental	1870 MBBS Intake (19-20) 63	9 (19-20) Current Intake
Private 7 medical and 13 Dental	BDS Intake (19-20)	300(20-22) Proposed Intake
	2826 (20-21) Proposed Intake	

KEY POST-OPERATIONS APPROVALS

- License under Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- License under Employees' State Insurance Act, 1948 (ESI Act)

SPECIAL CONCESSIONS

Sector	INVESTMENT IN PLANT AND MACHINERY UPTO INR 10 CRORES	INVESTMENT IN PLANT AND MACHINERY ABOVE INR 10 CRORES AND LESS THAN 50 CRORES
PHARMA SECTOR	50% of expenditure incurred subject to maximum ₹50 Lakhs for obtaining certificate of Good Manufacturing Practices (GMP) & USFDA Assistance @ 50% of the expenditure incurred for establishment of pharmaceutical labs with maximum limit of ₹25 Lakhs	Shall be eligible to avail a slack period of up to two years from the date of commercial production in the unit for claiming incentives

BOOSTER DOSE FOR PHARMA SECTOR GROWTH BY CENTRAL GOVERNMENT

Scheme for development of healthcare industry

SCHEME COMPONENTS	INCENTIVE TYPE	PATTERN OF ASSISTANCE
Assistance to bulk drug industry for common facility centre	Financial assistance for creation of common facilities in any upcoming Bulk Drug park Promoted by State Governments/ State corporations	One time grant-in-aid to be released to a state Implementing Agency (SIA) set up for the purpose Total of US\$ 28.19 million has been earmarked. Max. limit would be US\$ 14.09 million/Bulk Drug park CFC Or 70% of the project cost of CFC whichever is less
Assistance to medical Devices industry for common facility centre	Financial assistance for creation of common facilities in any upcoming medical Devices park promoted by State Governments/ State corporations	One time grant-in-aid to be released to a state Implementing Agency (SIA) set up for the purpose. The max. limit would be US\$ 3.54 million/- Medical Device Park CFC or 70% of the project cost of CFC whichever is less
Pharmaceuticals Technology Upgradation Assistance Scheme	Interest subvention assistance against sanctioned loan by any scheduled commercial bank/ financial institution, both in public and private sector will be provided to 250 pharma SMEs of proven track record.	A total of US\$ 20.3 million has been earmarked for the scheme. The upper limit of interest subvention on loans for technology/ Infrastructure upgradation shall be restricted to 6% per annum for a period of 3 years on reducing balance basis. The maximum loan eligible for this purpose will be US\$ 0.56 million availed by the concerned SME
Assistance for Cluster Development Pharmaceutical	Financial assistance for creation of common facilities in any pharma clusters including Bulk Drug, Medical Devices, Ayurvedic, Unani and Cosmetics Units.	US\$ 4.2 million was earmarked for the scheme including US\$ 1.4 million which was allocated in 2017-18, Maximum limit for the grant in aid under this category would be US\$ 2.8 million per cluster or 70% of the cost of project whichever is less
Promotion Development Scheme	Financial support for conducting seminars, conferences, exhibitions, mounting delegations to and from India for promotion of exports as well as investments, conducting studies/ consultancies	A total of US\$ 0.8 million has been earmarked for the Scheme.

GENERAL INVESTMENT INCENTIVES

The state has prepared a strategic roadmap to achieve the policy objectives through a combination of both fiscal and non-fiscal interventions. These policy interventions shall enhance the industrial competitiveness resulting in substantial increase of private sector investment in the state.

(source: <https://invest.mp.gov.in/policy-acts-rules/>)

*Kindly refer page 26 for details

AUTOMOBILE SECTOR

- Madhya Pradesh hosts a vibrant automobile manufacturing ecosystem with Pithampur being the major auto cluster.
- Pithampur houses over 120 large and 450 MSME units with combined investment of approx. INR 85416.7 Crores and employs ~200,000 technical professionals annually.
- The largest testing track of Asia - National Automotive Test Tracks (NATRAX) is the crown jewel of Madhya Pradesh's automobile ecosystem. NATRAX is spread across an area of 1200 Ha with 11.3 km of test track with an investment of USD 200 Mn where it has 14 types of test track.

AUTOMOBILE INDUSTRY MADHYA PRADESH OUTLOOK

THE ROAD AHEAD

30+
Original Equipment Manufacturers

100+
Engineering manufacturers creating conducive environment for automobile industry

200 THOUSAND
Technical professionals added to workforce annually provide abundant skilled workforce for the industry.

200+
Auto component manufacturers provide well developed automotive ecosystem.

Indore, Pithampur and Mandideep form one of India's leading clusters with presence of major industry leaders.

World Class Infrastructure
MP has developed world class infrastructure including industrial parks. ICDS, industrial corridors, testing facilities.



FACILITIES AT NATRAX

- Vehicle Dynamics Lab
- Powertrain Lab
- R&D Tracks
- Fatigue Tests
- Noise, Vibration and Harshness (NVH) Tests
- NATRAX is Asia's largest auto testing track at Pithampur, Indore.

SKILLED MANPOWER PROVIDES VALUABLE WORKFORCE

MADHYA PRADESH IS THE 5TH MOST POPULOUS STATE IN INDIA WITH AROUND 60% OF POPULATION IN THE WORKING AGE GROUP OF 15-59 YEARS.

STATE HAS 200+ ENGINEERING COLLEGES

AROUND 60,000 ENGINEERS GRADUATING ANNUALLY FROM THE STATE

OVER 2,00,000 TECHNICAL SKILLED LABOUR FORCE BEING ADDED IN THE STATE EVERY YEAR

- Indore commercial capital of central India and surroundings areas constitute Automobile and engineering hub of Madhya Pradesh
- Spread across 2,000 Ha Pithmpur Auto Cluster has over 120 large units and 450 small and medium units with combined investment of US\$ 11.3 billion*
- Central Farm Machinery Training & Testing Institute, Budni provides training and testing facilities for farm equipment mechanisation
- State has skill development institutes like Indo-German Tool Room, Indore; MSME Technology Centre, Bhopal; and Symbiosis Skill University, Indore
- India's 1st international skilling institution "Global Skill Park" being setup in Bhopal
- Automotive OEM and Ancillaries collective received US\$ 356. 5 million Foreign capital investment in the state

KEY PRE-ESTABLISHMENT APPROVALS

Approval/Clearance	Automobile
Approval for new electricity connection LT/HT	✓
Building Construction Permission	✓
Water Connection	✓
Approval of Factory Plan/Layout	✓
Fire NOC	✓
Tree Cutting and Tree Transit NOC	✓
Consent to Establish Under Water act 1974 and Air act 1981 from M.P. Pollution Control Board. (Pharma, Manufacturing, Food)	✓

KEY POST-OPERATIONS APPROVALS

- License under M.P. Shops & Establishment Act, 1958 & M.P. Rules 1959 (Offices & Showrooms)
- License under Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- License under Employees' State Insurance Act, 1948 (ESI Act)

GENERAL INVESTMENT INCENTIVES

The state has prepared a strategic roadmap to achieve the policy objectives through a combination of both fiscal and non-fiscal interventions. These policy interventions shall enhance the industrial competitiveness resulting in substantial increase of private sector investment in the state.
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LOGISTICS & WAREHOUSING SECTOR

Madhya Pradesh state is second largest state by area in India. Madhya Pradesh boasts of 3,50,000 kms of road network, with 40 plus national highways passing through state including the longest NH 44 connecting North to South of India and second longest NH 27 connecting East to West of India. The state has 5 operational airports and has over 550 trains passing through the state daily ensuring excellent connectivity.

Western Madhya Pradesh falls under the influence area of the Delhi-Mumbai Industrial Corridor (DMIC). The Delhi Mumbai Expressway passes through Ratlam opening opportunities for logistics investments in the area. To boost the export competitiveness of the state, GoMP is also developing a greenfield airport and mega investment region near Indore.

MP Warehousing & Logistic Corporation(MPWLC) and MP Industrial Development Corporation's MPIDC are agencies created for L&W sector in Madhya Pradesh.

To leverage its strategic location and overcome the challenges of land locked economy the state has developed 7 ICDs and is also developing MMLPs. Madhya Pradesh government has worked diligently over the past decade to develop the state as an industrial hub and promote it as a potential investment destination.

KEY PRE-ESTABLISHMENT APPROVALS

Approval/Clearance	Logistics & Warehousing
Approval for new electricity connection LT/HT	✓
Building Construction Permission	✗
Water Connection	✓
Approval of Factory Plan/Layout	✗
Fire NOC	✓
Tree Cutting and Tree Transit NOC	✓
Consent to Establish Under Water act 1974 and Air act 1981 from M.P. Pollution Control Board. (Pharma, Manufacturing, Food)	✗

KEY PRE-OPERATIONS APPROVALS

Approval/Clearance	Logistics & Warehousing
Consent to Operate Under Water act 1974 and Air act 1981 and Authorization for Hazardous and other waste (Management and Transboundary Movement) Rules, 2016	✗
Registration under the Interstate Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979	✓
Registration of Principal Employer under Contract Labour (Regulation & Abolition) Act 1970	✓
Registration under the Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996	✓
Trade License – Local Body	✓
Charging permission for electrical installation of 132 KV (or above), if required	✓
GST Registration	✓
Professional Tax Registration	✓
Registration of Boiler	✗
Drug Manufacturing License	✗
Authorization under Section 10 of Bio-Medical Waste Management Rules, 2016	✗
License under the Factories Act, 1948	✗
License/ Registration for FSSAI	✗
Authorization under E - Waste (Management) Rules, 2016	✗
Udyam Registration / IEM	✓

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KEY POST-OPERATIONS APPROVALS

- License under Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- License under Employees' State Insurance Act, 1948 (ESI Act)

GENERAL INVESTMENT INCENTIVES

The state has prepared a strategic roadmap to achieve the policy objectives through a combination of both fiscal and non-fiscal interventions. These policy interventions shall enhance the industrial competitiveness resulting in substantial increase of private sector investment in the state.

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IT & ESDM SECTOR

At this time, we've to take Indian economy out of 'command and control' and take it towards 'plug and play'. This isn't the time for conservative approach. It is time for bold decisions & bold investments. It's time to prepare a globally competitive domestic supply chain.

Sri Narendra Modi
Hon'ble PM of India

Government of Madhya Pradesh is committed to increase the flow of investments in the State in information Technology industry, ITeS & ESDM sectors and maximize direct and indirect employment generation opportunities for the youth in the State.

The Electronics System Design & Manufacturing (ESDM) sector plays a vital role in the Indian government's goal of generating US\$ 1 trillion of economic value from the digital economy by 2025.

Two cities Indore and Bhopal have been ranked at 8th and 10th position under the ease of living index rankings published by the Government of India. This proves to be the best suitable indicator for service sector growth in a particular city.

As per the Export Preparedness Index report prepared by Niti Aayog in 2022, Madhya Pradesh has occupied the highest score in the policy pillar, i.e., 94.66. This is because it has all the policy measures to steer export growth in India's landlocked state category, leaving other states behind in implementing policy measures.

Madhya Pradesh has 8646 net crore units of power availability which is approximately. Madhya Pradesh has an Ease of doing business ranking of 4 as per the Business Reform Action Plan (BRAP) recommended by the Department of Industrial Policy and Promotion (DIPP) to all States and Union Territories.

As per the SEZ Data, IT Exports of INR 1161 Cr from 4 SEZs in Indore have registered 51% year on year growth in FY 20-21 and IT Exports of INR 1761 Cr 51.64% growth in exports for the period FY 21-22 respectively. IT Exports from SEZ across Madhya Pradesh in FY 20-21 stood at INR 2034.4 Cr, 33.35% YoY growth as compared to FY 19-20 Exports of INR 1525.55 Crores.

List of SEZs in Madhya Pradesh in IT/ESDM Category: (Source: <http://sezindia.nic.in/>)

Madhya Pradesh's sector-specific incentive packages coupled with improved ease of doing business, the state is a hot spot for the textile and garment industry with the highest investment under the Government of India's PLI scheme. The state's peaceful labour dynamics, an abundance of skilled labour and ease of living make MP an emerging destination for the services sector like IT, with Indore emerging as the IT capital of Madhya Pradesh

Shri Shivraj Singh Chouhan
Hon'ble CM of Madhya Pradesh

Name of the SEZ

M. P. Industrial Development Corporation Ltd.
[Formerly Crystal IT Park SEZ (M.P. Audyogik Kendra Vikas Nigam(Indore) Ltd.)]

Madhya Pradesh State Electronics Development Corporation Limited

Impetus Infotech (India) Private Limited

Infosys Ltd.

Tata Consultancy Services Limited

Yash Technologies Pvt. Ltd.

ClearTrail Technologies Pvt. Ltd.

Madhya Pradesh State Electronics Development Corporation acts as a nodal agency for promotion of Information Technology (IT), Information Technology Enabled Services (ITeS) and Electronics System Design and Manufacturing (ESDM) under Department of Science & Technology, Government of Madhya Pradesh. 298 IT/ITeS and ESDM units have registered with MPSEDC for several benefits under the IT policy in Madhya Pradesh.

List of Approved Greenfield EMCs in Madhya Pradesh by Central Govt.

Badwai - Bhopal
Purva - Jabalpur

List of Approved IT Parks in Madhya Pradesh

Sinhasa IT Park Indore
Badwai IT Park Bhopal
Gwalior IT Park
Jabalpur IT Park
Pardeshipura IT Park Indore

Total 197 IT/ITeS and ESDM units have been allotted 239 plots with total allotted area comprising of 1629.25 Acres land across above IT Parks established by the Government of Madhya Pradesh. 69566 sq ft built up space in Bhopal IT Park, 73000 sq ft built up space in Gwalior IT Park, 100000 sq ft built up space in Jabalpur IT Park and 100000 sq ft built up space in Pardeshipura IT Park has been occupied by 57 IT/ITeS and ESDM units. 64000 sq ft built up space is available at Sinhasa IT Park Indore.

(Source: MPSEDC)



SPECIAL INCENTIVES

New IT/BPM/KPO/BPO/ITeS/ESDM units can take benefit of the M.P. IT Policy 2016 (Amended in 2019) for any new units commencing operations in Madhya Pradesh before 31.03.2023

KEY PRE-ESTABLISHMENT APPROVALS

Approval/Clearance	IT & ESDM
Approval for new electricity connection LT/HT	✓
Building Construction Permission	✓
Water Connection	✓
Approval of Factory Plan/Layout	ESDM
Fire NOC	✓
Tree Cutting and Tree Transit NOC	✓
Consent to Establish Under Water act 1974 and Air act 1981 from M.P. Pollution Control Board. (Pharma, Manufacturing, Food)	ESDM

KEY POST-OPERATIONS APPROVALS

- License under M.P. Shops & Establishment Act, 1958 & M.P. Rules 1959
- License under Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- License under Employees' State Insurance Act, 1948 (ESI Act)

INVEST Portal allows users to know about the approvals required for a particular industry. A list of all pre-establishment and pre-operation approvals are also hosted on the portal www.invest.mp.gov.in

KEY PRE-OPERATIONS APPROVALS

Approval/Clearance	IT & ESDM
Consent to Operate Under Water act 1974 and Air act 1981 and Authorization for Hazardous and other waste (Management and Transboundary Movement) Rules, 2016	ESDM
Registration under the Interstate Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979	✓
Registration of Principal Employer under Contract Labour (Regulation & Abolition) Act 1970	✓
Registration under the Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996	✓
Trade License – Local Body	✓
Charging permission for electrical installation of 132 KV (or above), if required	ESDM
GST Registration	✓
Professional Tax Registration	✓
License under the Factories Act, 1948	ESDM
Authorization under E - Waste (Management) Rules, 2016	ESDM
Udyam Registration / IEM	✓



Benefit Type	BUSINESS ACTIVITY		
	IT	ESDM	ITeS/BPO/KPO
Capital Subsidy (One Time)	10% of GFCI up to GFCI of INR 2.5 Cr and 5% of GFCI thereon subject to maximum INR 50 Lakhs	50% of GFCI up to GFCI of 10 Cr and 45% of GFCI thereon payable in 7 Years subject to maximum INR 150 Crores	Category A City - 50,000 Per Seat Category B City - 56,000 Per Seat Category C City - 62,000 Per Seat Or 75% of GFCI with no Limit
Interest Subsidy	5% Of Term Loan Amount subject to Max. and INR 50 Lakhs per annum and INR 50 Lakhs over 7 years	Loan < INR 10 Cr. - 5% Of Term Loan Amount subject to Max. and INR 50 Lakhs over 5 years Loan > INR 10 Cr. - 2% Of Term Loan Amount subject to Max. and INR 3 Crores per annum for 5 years	Nil
Operation Incentive		Nil	Category A City - 7,500 Per Seat Category B City - 11,000 Per Seat Category C City - 14,500 Per Seat per annum for 4 years
Quality Certification	ISO or equivalent – 50% of the cost or 1 Lakh CMM/CMMi/PCMM – 75% of the cost or 6 Lakhs (One Time Incentive)		Nil
Skill Gap Assistance	50% of training cost or 10000 Per Employee (one time) Hired in First Two Years		None
Patent Assistance	Domestic – 50% Or 2 Lakhs International – 50% Or 5 Lakhs		None
Marketing Assistance	Domestic Events – 50% of Stall charges or 1 Lakhs International Events– 50% of stall charges or 2 Lakhs (Per year)		None
Electricity Duty Exemption		Expired	
Stamp Duty Registration Charges		100% On Government Land Lease and On Mortgage in IT Investment Area	
Relaxation in Floor Area ratio		FAR of up to 2.5 or the maximum permissible FAR as per the Development Plan of that area, which ever higher	
Non-Fiscal Benefits		Exemption from the provisions of the Madhya Pradesh Shops and Establishment Act 1958 relating to the hours of business and weekly closure. IT units added as an independent employment in the schedule of Minimum Wages Act. 1948 IT Units shall be permitted for self-certification of the registers and forms under labour laws	

TOURISM SECTOR

Madhya Pradesh's history is blessed to be part of Bharat's history. Lord Ram having spent most part his Vanas at Chitrakoot, in Madhya Pradesh. Pandav caves in Panchmari, is where Pandavas spent their Vanas. King Vikramaditya, is said to have ruled whole of Asia from his capital at Ujjain. Madhya Pradesh's was part of Chatrapati Shivaji Maharaj's kingdom and was ruled by Mughals too. Madhya Pradesh is blessed to be the land where Maharani Laxmibai showed her valour and gave her life for freedom at Gwalior, Madhya Pradesh. These places of historical and national significance are revered by one and all.

Madhya Pradesh has 3 world heritage sites, Sanchi, Khajuraho and Bhimbetka. Madhya Pradesh 382 Tourist sites, 24 Sanctuaries, 11 National Parks, 6 Tiger reserves. Greenest state having 30.71% forest cover of the total land area. 22 notified water bodies of about 3000 sq. km. for water tourism and water sports. About 100 notified forest areas for recreation and tourism experience activities.

Madhya Pradesh has two Jyotirlinga's Omkareshwar and Mahakaleshwar. Both within 100 kms from the city of Indore. Indore is well connected to all of India through air, road and rail network.

Madhya Pradesh is a winner of best tourism state and other prestigious awards many times and also awarded for responsible tourism initiatives.

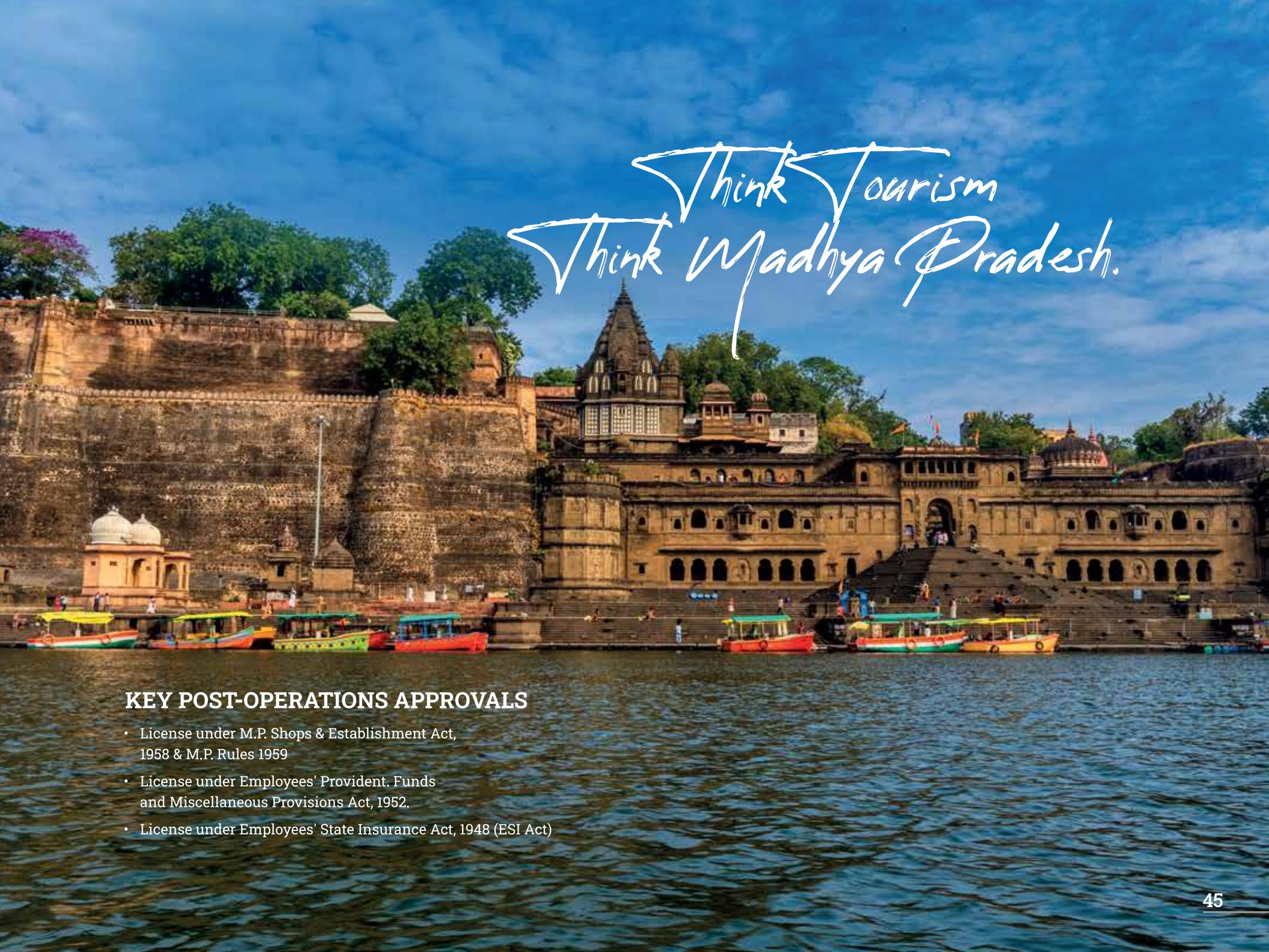
KEY PRE-ESTABLISHMENT APPROVALS

Approval/Clearance	Tourism
Approval for new electricity connection LT/HT	✓
Building Construction Permission	✓
Water Connection	✓
Approval of Factory Plan/Layout	✗
Fire NOC	✓
Tree Cutting and Tree Transit NOC	✓
Consent to Establish Under Water act 1974 and Air act 1981 from M.P. Pollution Control Board. (Pharma, Manufacturing, Food)	✗

KEY PRE-OPERATIONS APPROVALS

Approval/Clearance	Tourism
Consent to Operate Under Water act 1974 and Air act 1981 and Authorization for Hazardous and other waste (Management and Transboundary Movement) Rules, 2016	✗
Registration under the Interstate Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979	✓
Registration of Principal Employer under Contract Labour (Regulation & Abolition) Act 1970	✓
Registration under the Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996	✗
Trade License – Local Body	✓
Charging permission for electrical installation of 132 KV (or above), if required	✓
GST Registration	✓
Professional Tax Registration	✓
Registration of Boiler	✗
Drug Manufacturing License	✗
Authorization under Section 10 of Bio-Medical Waste Management Rules, 2016	✗
License under the Factories Act, 1948	✗
License/ Registration for FSSAI	✗
Authorization under E - Waste (Management) Rules, 2016	✗
Udyam Registration / IEM	✓

INVEST Portal allows users to know about the approvals required for a particular industry. A list of all pre-establishment and pre-operation approvals are also hosted on the portal www.invest.mp.gov.in.



KEY POST-OPERATIONS APPROVALS

- License under M.P. Shops & Establishment Act, 1958 & M.P. Rules 1959
- License under Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- License under Employees' State Insurance Act, 1948 (ESI Act)

SPECIAL CONCESSIONS

Tourism Projects established and operationalised during the operative tenure of this policy shall be entitled to capital investment subsidy. Considering to the type of activity and the capital investment, capital subsidy shall be granted as mentioned below:

Subsidy Scheme	Minimum Project Expenditure (Rs. in lakh)	Percentage of Subsidy against Fixed Capital Investment	Maximum ceiling of Subsidy (Rs. in lakh)
Capital subsidy for Heritage Hotel under Proprietorship	300	15%	200
Capital Investment subsidy for establishment of Heritage Hotel where the Heritage Assets are obtained from Tourism Department on Lease	1000	15%	500
Capital Investment subsidy to establish a new Deluxe/ Three Star or Higher category new Hotel and Resort	1000	15%	500
Capital Investment subsidy for establishment of new Hotel/ Mini Resort of Standard category	200	15%	50
Capital Investment subsidy for establishment of new Resort and Wellness Centre (Including Resort equipped with Ayurvedic, Yoga and Naturopathic treatment)	500	15%	200
Capital Investment Subsidy for expansion of established Star/Deluxe/Standard Hotel/ Resort/Heritage Hotel	100	15%	500
Capital Investment Subsidy for establishment of 500 or more-seater convention centre as above cum Hotel under MICE (Meetings, Incentives, Conferences, Exhibitions)	2000	15%	1000
Capital Investment Subsidy for creation of infrastructure along with installation of equipment to establish Film Studio, Film making, Museum, Aquarium, Theme Park	100	15%	500
Capital Investment subsidy for creation of infrastructure and installation of permanent facility/ acquisition of equipment/ Tents and facilities to establish Adventure Tourism, Water Tourism, Water Sports, Cruise/House boat, Navigation infrastructure, Amusement Park, Sound and Light show, Laser show, Camping (including tents)	05	15%	300
Capital Investment subsidy for establishment of way side Amenities under Green Field/ Franchise Model with minimum investment of Rs. 25.00 lakh	25	15%	50

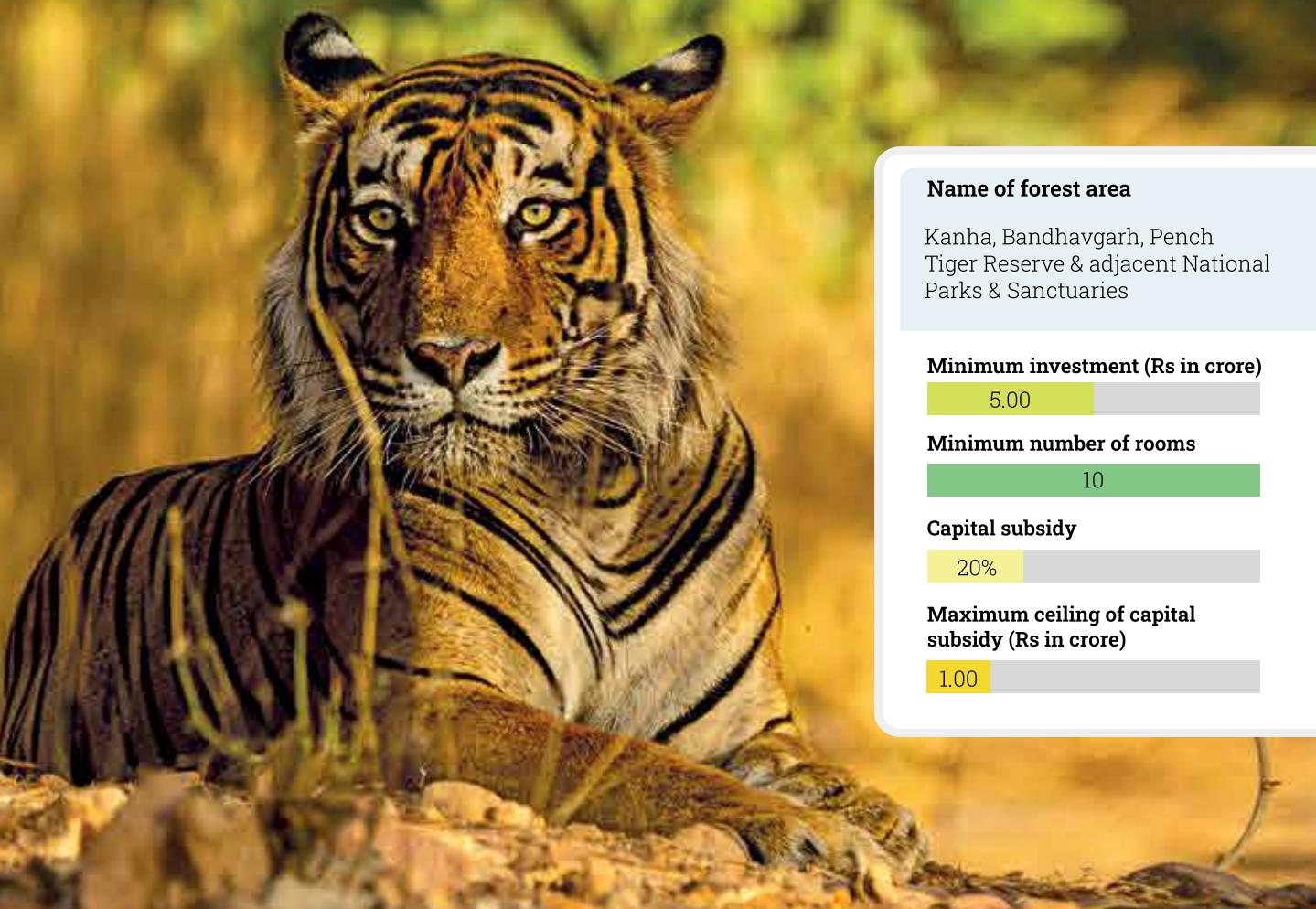
Capital Investment subsidy for creation of infrastructure such as power supply, water supply, approach road, sewage and drainage system on land and heritage assets obtained from Tourism Department on lease basis.	50	25%	300
Installation of Ropeway infrastructure for transport in inaccessible tourist places/ forest areas.	100	40%	500
Capital subsidy for establishment of Sea Plane, Amphibian Tourist Vehicle and Aero Sports and Aero Sports Training Centre/Academy	100	25%	1000



To be eligible for capital subsidy for new Deluxe and Standard hotels being established shall have to give 70% jobs mandatorily to the residents of Madhya Pradesh.

SPECIAL INCENTIVES FOR WILDLIFE RESORTS

Resorts being established within 20 kilometres radius of the notified National Parks/Tiger Reserves and Sanctuaries shall be eligible for capital subsidy as under according to the category of the forest area:



Name of forest area
Kanha, Bandhavgarh, Pench Tiger Reserve & adjacent National Parks & Sanctuaries
Minimum investment (Rs in crore)
5.00
Minimum number of rooms
10
Capital subsidy
20%
Maximum ceiling of capital subsidy (Rs in crore)
1.00

Name of forest area
Panna & Satpuda Tiger Reserve and adjacent National Parks & Sanctuaries.
Minimum investment (Rs in crore)
3.00
Minimum number of rooms
07
Capital subsidy
20%
Maximum ceiling of capital subsidy (Rs in crore)
2.00

Name of forest area
Sanjay Dubri Tiger Reserve and National Parks and adjacent National Parks & Sanctuaries and all other national parks/sanctuaries except as mentioned in A & B above.
Minimum investment (Rs in crore)
1.00
Minimum number of rooms
05
Capital subsidy
20%
Maximum ceiling of capital subsidy (Rs in crore)
3.00

AEROSPACE & DEFENCE SECTOR

Madhya Pradesh boasts of existing defence production facilities at Jabalpur, Itarsi, and Katni Gwalior being an air force station, lies close to UP defence corridor.

Madhya Pradesh already is a huge manufacturing hub for automobile, textiles, heavy engineering industry, precision engineering, forging, casting units. Madhya Pradesh has a huge talent pool of IT and Telecommunications professionals.

Defence and heavy engineering companies and their suppliers have been operating in the state for over 40 years, ensuring availability of skilled manpower. National Accreditation board certified testing laboratories are available for private players in Katni and Jabalpur. The State is also coming up with world class Research and Development centres.

All these make Madhya Pradesh a Civil and Defence aerospace manufacturing hub and create opportunity for MRO segment also.

KEY PRE-ESTABLISHMENT APPROVALS

Approval/Clearance	Aerospace & Defence
Approval for new electricity connection LT/HT	✓
Building Construction Permission	✓
Water Connection	✓
Approval of Factory Plan/Layout	✓
Fire NOC	✓
Tree Cutting and Tree Transit NOC	✓
Consent to Establish Under Water act 1974 and Air act 1981 from M.P. Pollution Control Board. (Pharma, Manufacturing, Food)	✓

INVEST Portal allows users to know about the approvals required for a particular industry. A list of all pre-establishment and pre-operation approvals are also hosted on the portal www.invest.mp.gov.in.

KEY PRE-OPERATIONS APPROVALS

Approval/Clearance	Aerospace & Defence
Consent to Operate Under Water act 1974 and Air act 1981 and Authorization for Hazardous and other waste (Management and Transboundary Movement) Rules, 2016	✓
Registration under the Interstate Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979	✓
Registration of Principal Employer under Contract Labour (Regulation & Abolition) Act 1970	✓
Registration under the Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996	✓
Trade License – Local Body	✓
Charging permission for electrical installation of 132 KV (or above), if required	✓
GST Registration	✓
Professional Tax Registration	✓
Registration of Boiler	✗
Drug Manufacturing License	✗
Authorization under Section 10 of Bio-Medical Waste Management Rules, 2016	✗
License under the Factories Act, 1948	✓
LICENSE/ REGISTRATION FOR FSSAI	✗
Authorization under E - Waste (Management) Rules, 2016	✗
Udyam Registration / IEM	✓

KEY POST-OPERATIONS APPROVALS

- License under M.P. Shops & Establishment Act, 1958 & M.P. Rules 1959
- License under Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- License under Employees' State Insurance Act, 1948 (ESI Act)

GENERAL INVESTMENT INCENTIVES

The state has prepared a strategic roadmap to achieve the policy objectives through a combination of both fiscal and non-fiscal interventions. These policy interventions shall enhance the industrial competitiveness resulting in substantial increase of private sector investment in the state.

(source: <https://invest.mp.gov.in/policy-acts-rules/>)

*Kindly refer page 26 for details



FAQS ON INCENTIVES



What is GFCI:

GFCI shall mean investment made in Gross Fixed Capital Investment in plant & machinery, buildings & sheds, but shall not include land & dwelling units.

What are the criteria for Category of Cities under Policy:

Population of the city if greater than 10 lakhs qualify to be Category A city between 1 - 10 Lakhs population qualifies to be Category B and rest in Category C.

Foreign Currency Loans qualify for Interest Incentive?

This incentive is applicable for term loan, including Foreign Currency Term Loan. Refers to the loan raised by a unit to acquire fixed assets.

Which is the Nodal Agency for the MP IT Policy 2016?

Madhya Pradesh State Electronics Development Corporation or any other agency authorized & notified by the Department of Science & Technology.
(<https://mpsedc.mp.gov.in/>)

What is an IT Investment Area?

An area of land, not less than 5 acres over a contiguous basis and notified as an ITIA by the Department of Science & Technology, Government of Madhya Pradesh and may include land belonging to the Government of Madhya Pradesh, Urban Local Bodies, Development Authorities, private land or a combination of the above.

Can I avail incentive for multiple units in same or different city?

Established by a holding/parent company which can be distinguished from the other units of the parent company by virtue of having a separate identity, resulting in capacity augmentation as can be verified by a separate book of accounts, asset register, electricity connection, independent premises etc shall be considered as new unit of the company for the purpose of incentives.

What is customized package and mega project?

Package of concessions and exemptions sought by any investor from State Government which suits his/her project. Mega Projects are the projects in which investment in fixed assets is above 25 Crores. Food processing, Biotechnology, Herbal based industries having investment of Rs. 10 Crores and above, shall also be considered as Mega Projects. What is the procedure to obtain customized package? Investors interested to avail customized package, may contact TRIFAC which is the secretariat for Cabinet Committee on Investment Promotion. There is a prescribed procedure to obtain customized package from Cabinet Committee on Investment Promotion. Application should be submitted on prescribed application form i.e. General Project Information along with supporting enclosures and documents. Is customized package sanctioned by Cabinet Committee on Investment promotion is Empowered committee mandatory and binding for the concerning departments? Yes, Cabinet Committee on Investment Promotion is vested with the powers of Cabinet Sub Committee of economic affairs. Hence the decision taken by the Cabinet Committee Empowered Committee is mandatory and binding to the all concerned departments.

FAQS ON NRI TAXATION

NRI taxation under the Indian Income Tax Act, 1961 applies to those earning income outside the home country. The income tax rules and perks allowed to them are different from those applicable to resident Indians.

How do I determine my residential status?

You are considered an Indian resident for a financial year if you satisfy any of the conditions below:

- When you are in India for at least 6 months (182 days to be exact) during the financial year
- You have been in India for at least 2 months (60 days) in the financial year and have lived for one whole year (365 days) or more in the last four years.

Note: If you are an Indian citizen working abroad or a crew member on an Indian ship, only the first condition is available to you – which means you are a resident when you spend at least 182 days in India. The second condition does not apply to these individuals.

The same applies to a Person of Indian Origin (PIO) who visits India. A PIO is a person whose parents or any of his grandparents were born in undivided India.

If you do not meet any of the above conditions, you are a Non-Resident (NR).

Resident but Not-Ordinary Resident (RNOR) definition amended

Individuals will be considered as RNOR for the year if they meet the following conditions:

- If you have been a non-resident in India for 9 years out of 10 years

preceding the year under consideration, or

- If you have stayed in India for 729 days or less during 7 years preceding the year under consideration

The Finance Act 2020 has amended the residency provisions to include (in addition to the above) that an individual shall be considered as RNOR, if he has total income other than foreign income of Rs. 15 lakh or more during the year under consideration, and:

- He is an Indian Citizen / Person of Indian Origin who has stayed in India for more than 120 days but less than 182 days in such year, or
- He is an Indian Citizen who is not liable to tax in any other country / territory by reason of his domicile or residence or any other similar criteria.

Before this amendment, such individuals were classified as non-residents. Due to the amendment mentioned above, the individual's residential status may be classified as RNOR, which may lead to loss of Double Taxation Avoidance Agreement (DTAA) (also referred as tax treaty) benefits, increased scope of total income for taxability, loss of various exemptions allowed, etc.

It is to be further noted that in the above amendment, an individual staying for more than 182 days shall be classified as a resident irrespective of the level of income in the relevant financial year.

Is my income earned abroad taxable?

An NRI's income taxes in India will depend upon his residential status for

the year as per the income tax rules mentioned above.

If your status is 'resident', your global income is taxable in India. If your status is 'NR' your income earned or accrued in India is taxable in India.

- Salary received in India or salary for the duration for which the employment was exercised (by virtue of physical presence) in India, income from a house property situated in India, capital gains on transfer of asset situated in India, income from fixed deposits or interest on a savings bank account are all examples of income earned or accrued in India. These incomes are taxable for an NR.

- Income which is earned outside India is not taxable in India (except in certain cases, such as in case of consulting income earned from an Indian resident).
- Interest earned on an NRE account and FCNR account is tax-free. Interest on NRO accounts is taxable in the hands of an NRI.

Am I required to file my income tax return in India?

NR or not, any individual whose income exceeds Rs 250,000 is required to file an income tax return in India.



DIRECT TAX AVOIDANCE AGREEMENTS

Direct Tax Avoidance Agreements ('DTAA') play an important role in encouraging inflow of investments into the country by providing certainty of taxation. A businessman would like to know the returns after tax on his investments. DTAAAs enable a taxpayer to estimate his liabilities and duties towards compliance with the foreign countries' tax laws. Keeping all interest in mind, a country may have to give up the right to tax one source of income but may want to justify taxing another source of income, which arises in its territory, for example, a country with a busy port would push for exemption of shipping income for its residents and agree to give concessions to the partner country which would be in the interest of its residents.

DTAAAs are used by countries to serve the dual purpose of encouraging its own residents to compete in the world markets and encourage inflow of capital while at the same time help countries curb tax evasion. This is the reason behind the Article for "Exchange of Information". There has been a flight of capital to countries with lower rate of tax or tax havens. Under invoicing of exports and over-invoicing of imports or setting- up dummy companies in tax havens; are some common means of tax evasion. The Article on "Exchange of Information", if used effectively, would help in nabbing such tax evaders. Therefore, India recently has been focusing on renegotiating its Treaties to enable exchange of information to trace black money.



List of Countries having Double Taxation Treaty with India

In order to promote international trade, and attract foreign investment in India, India has entered into DTAA with the following countries: –

These DTAA are basically, based on the UN model tax convention, while appropriate changes have been agreed between India and respective countries, to consider the interest of the contracting parties.

At a broader level, a DTAA can be a comprehensive double taxation avoidance agreement, or it can be limited agreement. While India has double taxation avoidance agreement with many countries in the world, there may be certain countries, with which, India does not have a tax treaty, whether Limited or Comprehensive.

Below is the list of Countries with which India shares DTAA Treaties. The same can be downloaded from <https://incometaxindia.gov.in/pages/international-taxation/dt aa.aspx>

TAX TREATIES

'Tax Treaty' is a formally concluded and ratified agreement between independent nations". They are also known as Double Taxation Avoidance Agreements (DTAAs) and are generally a result of bargaining by the two contracting countries taking into consideration the economic interests of the countries involved. Some concessions may be made keeping in mind political and trade considerations. DTAAs play an important role in encouraging inflow of investments into the country of source (where income arises) by providing certainty of taxation. DTAAs enable a taxpayer to estimate his liabilities with the foreign countries' tax laws. Keeping all interest in mind, a country may have to give up the right to tax one source of income but may want to justify taxing another source of income, which arises in its territory, for example, a country with a busy port would push for exemption of shipping income for its residents and agree to give concessions to the partner country which would be in the interest of its residents. Any double taxation is reduced/ eliminated by tax credit/exemption granted by the country of resident in respect of taxes paid in the country of source, subject to specified conditions.

DTAAs are used by countries to serve the dual purpose of encouraging its own residents to compete in the world markets and encourage inflow of capital while at the same time help countries curb tax evasion. This is the reason behind the article on "Exchange of Information". There has been a flight of capital to tax havens or countries with lower rate of tax. Under-invoicing of exports, over-invoicing of imports or setting- up shell companies in tax havens are some common means of tax evasion. The article on "Exchange of Information", if used effectively, would help in nabbing such tax dodgers. Therefore, India recently has been focusing on renegotiating its Tax Treaties to enable exchange of information to trace black money.

List of Countries having Double Taxation Treaty with India

In order to promote international trade, and attract foreign investment in India, India has entered into DTAA with the following countries. These DTAA are fundamentally based on the UN model tax convention, while appropriate changes have been agreed between India and respective countries, to consider the interest of the contracting parties.

At a broader level, a DTAA can be a comprehensive double taxation avoidance agreement, or it can be limited agreement. While India has double taxation avoidance agreement with many countries in the world, there are certain countries, with which India does not have a tax treaty, whether Limited or Comprehensive.

Below is the list of Countries with which India shares DTAA Treaties. The same can be downloaded from

<https://incometaxindia.gov.in/pages/international-taxation/dtaa.aspx>



No	Country	DTAA Type
1.	Afghanistan	Limited Agreement For Avoidance Of Double Taxation And Prevention of Fiscal Evasion
2.	Albania	Comprehensive
3.	Argentina	Tax Information Exchange Agreement
4.	Armenia	Comprehensive
5.	Australia	Comprehensive Synthesised Text Of the Multilateral Convention
6.	Austria	Comprehensive Synthesised Text Of the Multilateral Convention
7.	Bahamas	Tax Information Exchange Agreement
8.	Bahrain	Tax Information Exchange Agreement
9.	Bangladesh	Comprehensive Limited Multilateral
10.	Belarus	Comprehensive
11.	Belgium	Comprehensive Synthesised Text of the Multilateral Convention
12.	Belize	Tax Information Exchange Agreement
13.	Bermuda	Tax Information Exchange Agreement
14.	Bhutan	Comprehensive Limited Multilateral
15.	Botswana	Comprehensive
16.	Brazil	Comprehensive
17.	British Virgin Island	Tax Information Exchange Agreement
18.	Brunei Darussalam	Tax Information Exchange Agreement
19.	Bulgaria	Comprehensive
20.	Canada	Comprehensive Synthesised Text of the Multilateral Convention
21.	Cayman Islands	Tax Information Exchange Agreement
22.	China	Comprehensive
23.	Colombia	Comprehensive
24.	Croatia	Comprehensive
25.	Cyprus	Comprehensive Synthesised Text of the Multilateral Convention
26.	Czech Republic	Comprehensive Synthesised Text of the Multilateral Convention
27.	Denmark	Comprehensive
28.	Estonia	Comprehensive Synthesised Text of the Multilateral Convention
29.	Ethiopia	Comprehensive Limited Agreement for Avoidance Of Double Taxation Of Income Of Enterprises Operating Aircraft
30.	Fiji	Comprehensive
31.	Finland	Comprehensive Synthesized text of the Multilateral Convention
32.	France	Comprehensive Synthesised Text of the Multilateral Convention
33.	Georgia	Comprehensive Synthesised Text of the Multilateral Convention
34.	Germany	Comprehensive
35.	Gibraltar	Tax Information Exchange Agreement
36.	Greece	Comprehensive
37.	Guernsey	Tax Information Exchange Agreement
38.	Hashemite Kingdom of Jordan	Comprehensive
39.	Hongkong	Comprehensive
40.	Hungary	Comprehensive Synthesised Text of the Multilateral Convention

41.	Iceland	Comprehensive Synthesised Text of the Multilateral Convention
42.	Indonesia	Comprehensive
43.	Iran	Comprehensive Limited for avoidance Of Double Taxation Of Income Of Enterprises Operating Aircraft
44.	Ireland	Comprehensive Synthesised Text of the Multilateral Convention
45.	Isle of man	Tax Information Exchange Agreement
46.	Israel	Comprehensive
47.	Italy	Comprehensive
48.	Japan	Comprehensive Synthesised Text of the Multilateral Convention
49.	Jersey	Tax Information Exchange Agreement
50.	Kazakhstan	Comprehensive
51.	Kenya	Comprehensive
52.	Korea	Comprehensive
53.	Kuwait	Comprehensive
54.	Kyrgyz Republic	Comprehensive
55.	Latvia	Comprehensive Synthesised text of the Multilateral Convention
56.	Lebanon	Limited for avoidance Of Double Taxation Of Income Of Enterprises Operating Aircraft
57.	Liberia	Tax Information Exchange Agreement
58.	Libya	Comprehensive
59.	Lithuania	Comprehensive Synthesised Text of the Multilateral Convention
60.	Luxembourg	Comprehensive Synthesised Text of the Multilateral Convention
61.	Macao SAR	Tax Information Exchange Agreement

62.	Macedonia	Comprehensive
63.	Malaysia	Comprehensive
64.	Maldives	Limited Agreement For Avoidance Of Double Taxation Of Income Derived From International Air Transport Limited Multilateral Tax Information Exchange Agreement
65.	Malta	Comprehensive Synthesised Text of the Multilateral Convention
66.	Marshall Island	Tax Information Exchange Agreement
67.	Mauritius	Comprehensive
68.	Mongolia	Comprehensive
69.	Montenegro	Comprehensive
70.	Morocco	Comprehensive
71.	Mozambique	Comprehensive
72.	Myanmar (Union of Myanmar)	Comprehensive
73.	Namibia	Comprehensive
74.	Nepal	Comprehensive Limited Multilateral
75.	Netherlands	Comprehensive Synthesised Text of the Multilateral Convention
76.	New Zealand	Comprehensive
77.	Norway	Comprehensive Synthesised Text of the Multilateral Convention
78.	Oman	Comprehensive
79.	Oriental Republic of Uruguay (Uruguay)	Comprehensive
80.	Pakistan	Limited Agreement For Avoidance Of Double Taxation Of Income From International Air Transport Limited Multilateral

81.	Philippines	Comprehensive
82.	Poland	Comprehensive Synthesised Text of the Multilateral Convention
83.	Portuguese	Comprehensive Synthesised Text of the Multilateral Convention
84.	Liechtenstein	Tax Information Exchange Agreement
85.	Monaco	Tax Information Exchange Agreement
86.	Qatar	Comprehensive
87.	Romania	Comprehensive
88.	Russia	Comprehensive Synthesised Text of the Multilateral Convention
89.	Saint Kitts and Nevis	Tax Information Exchange Agreement
90.	San Marino	Tax Information Exchange Agreement
91.	Saudi Arabia	Comprehensive
92.	Serbia	Comprehensive Synthesised Text of the Multilateral Convention
93.	Seychelles	Tax Information Exchange Agreement
94.	Singapore	Comprehensive Synthesised Text of the Multilateral Convention
95.	Slovak	Comprehensive Synthesised Text of the Multilateral Convention
96.	Slovenia	Comprehensive Synthesised Text of the Multilateral Convention
97.	South Africa	Comprehensive
98.	Spain	Comprehensive Synthesised Text of the Multilateral Convention
99.	Sri Lanka	Comprehensive Limited Multilateral
100.	Sudan	Comprehensive
101.	Sweden	Comprehensive

102.	Swiss Confederation	Comprehensive
103.	Syrian Arab Republic	Comprehensive
104.	Taipei	Specific Associations
105.	Tajikistan	Comprehensive
106.	Tanzania	Comprehensive
107.	Thailand	Comprehensive
108.	Trinidad and Tobago	Comprehensive
109.	Turkey	Comprehensive
110.	Turkmenistan	Comprehensive
111.	UAE	Comprehensive Synthesised Text of the Multilateral Convention
112.	UAR (Egypt)	Comprehensive
113.	USA	Intergovernmental agreement to improve International Tax compliance and implement FATCA Comprehensive
114.	Uganda	Comprehensive
115.	United Kingdom	Comprehensive Synthesised Text of the Multilateral Convention
116.	Ukraine	Comprehensive Synthesised Text of the Multilateral Convention
117.	United Mexican States	Comprehensive
118.	Uzbekistan	Comprehensive
119.	Vietnam	Comprehensive
120.	Yemen	Limited Agreement For Avoidance Of Double Taxation Of Income Derived From International Air Transport
121.	Zambia	Comprehensive

IMPORTANT DEPARTMENTS

Ministry of Corporate Affairs GoI	www.mca.gov.in
Department for Promotion of Industry and Internal Trade (Ministry of Commerce & Industry, GoI)	www.dipp.gov.in
Ministry of Micro, Small & Medium Enterprises, GoI	www.msme.gov.in
M.P. State Electronics Development Corporation Ltd.	http://www.mpsedc.com/Default.aspx
INVEST Portal (Madhya Pradesh Industrial Development Corporation)	www.invest.mp.gov.in
Department of Science and Technology MP	http://www.dit.mp.gov.in
Department of Industrial Policy and Investment Promotion (DIPIP)	http://www.mpindustry.gov.in
Department of Labour	http://www.labour.mp.gov.in
Department of Commercial Tax	https://mptax.mp.gov.in/mpvatweb
Urban Development and Housing Department	www.mpurban.gov.in
MP Pollution Control Board	https://www.mpenagarpalika.gov.in/irj/portal/anonymous
Energy Department	http://www.mppcb.nic.in
Central DISCOM	www.mpenergy.nic.in
East DISCOM	http://www.sankalp.mpcz.in
West DISCOM	http://www.smartbijlee.mpez.co.in
MP Panchayat and Rural Development Department	https://mpwzservices.mpwin.co.in/mpeb_english
MP Water Resources Department	http://www.mpwrd.gov.in





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